DRAFT RED HERRING PROSPECTUS
Dated December 30, 2011
PLEASE READ SECTION 60B OF THE COMPANIES ACT, 1956
Book Building Issue

TARA JEWELS LIMITED

Our Company was incorporated as a private limited company under the Companies Act, 1956 by the name "Tara Ultimo Private Limited" on March 16, 2001. Consequent to the merger of Tara Jewels Export Private Limited and T Two International Private Limited with our Company, as approved by the Bombay High Court by its order dated January 23, 2009, and resolution of our shareholders, the name of our Company was changed to "Tara Jewels Private Limited" and a fresh certificate of incorporation was granted by the Registrar of Companies, Mumbai ("**RoC**") on March 25, 2009. Subsequently, the name of our Company was changed to "Tara Jewels Limited" and our Company was converted into a public limited company and a fresh certificate of incorporation consequent to change of name was granted on September 23, 2010 by the RoC. For further details in this regard, see section titled "*History and Certain Corporate Matters*" on page 126.

Registered Office: Plot No. 122, 15th Road, Near IDBI Bank, MIDC, Andheri (East) Mumbai – 400 093, India
Telephone: +91 22 6641 7777; **Facsimile**: +91 22 6641 7712
Corporate Office: Plot No. 29(P) & 30(P), Sub Plot A, SEEPZ, SEZ, Andheri (East) Mumbai – 400 096, India
Telephone: +91 22 6677 4444; **Facsimile**: +91 22 6677 4464
Contact Person and Compliance Officer: Mr. Amol Raje; **Telephone**: +91 22 6677 4461; **Facsimile**: +91 22 6677 4464
E-mail: investor.care@tarajewels.co.in; **Websites**: www.tarajewels.in and www.tarajewellers.in

PROMOTER OF OUR COMPANY: MR. RAJEEV SHETH

PUBLIC ISSUE OF UP TO [●] EQUITY SHARES OF FACE VALUE OF RS. 10 EACH ("EQUITY SHARES") OF TARA JEWELS 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 UP TO RS. 2,200 MILLION (THE "ISSUE") COMPRISING OF A FRESH ISSUE OF UP TO [●] EQUITY SHARES BY OUR COMPANY AGGREGATING UP TO RS. 1,500 MILLION ("FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO [●] EQUITY SHARES BY FABRIKANT H.K. TRADING LIMITED ("SELLING SHAREHOLDER") AGGREGATING UP TO RS. 700 MILLION ("OFFER FOR SALE"). THE ISSUE INCLUDES A RESERVATION OF UP TO 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.

*Our Company is considering a private placement of up to 1,800,000 Equity Shares for cash consideration aggregating up to Rs. 500 million, at its discretion prior to filing of the Red Herring Prospectus with the RoC ("**Pre-IPO Placement**"). If the Pre-IPO Placement is completed, the number of Equity Shares issued and transferred pursuant to the Pre-IPO Placement will be proportionately reduced from the Fresh Issue, subject to the Net Issue being at least 25% of the fully diluted post-Issue paid up capital of the Company.*

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 AND THE SELLING SHAREHOLDER, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND WILL BE ADVERTISED AT LEAST TWO WORKING DAYS PRIOR TO THE BID OPENING DATE

In case of any revision in the Price Band, the Bidding Period shall be extended for at least three additional Working Days after such revision of the Price Band, subject to the Bidding Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the Self Certified Syndicate Banks ("**SCSBs**"), the National Stock Exchange of India Limited (the "**NSE**") and the BSE Limited (the "**BSE**"), by issuing a press release and also by indicating the change on the websites 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 not more than 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 up to 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, up to 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 though 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 section titled "*Issue Procedure*" on page 331.

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 and the Selling Shareholder, in consultation with the Book Running Lead Managers, as stated in section titled "*Basis for the Issue Price*" on page 81 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 section titled "*Risk Factors*" on page x.

ISSUER'S AND SELLING SHAREHOLDER'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. Further, the Selling Shareholder, having made all reasonable inquiries, accepts responsibility for and confirms that the information relating to the Selling Shareholder contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect.

IPO GRADING

This Issue has been graded by [●] and has been assigned the "IPO Grade [●]/5" indicating [●] in its letter dated [●]. The IPO grading is assigned on a five point scale from 1 to 5 with "IPO Grade 5/5" indicating strong fundamentals and "IPO Grade 1/5" indicating poor fundamentals. For more information on IPO grading, see sections titled "*General Information*", "*Other Regulatory and Statutory Disclosures*" and "*Material Contracts and Documents for Inspection*" on pages 51, 306 and 386 respectively.

LISTING ARRANGEMENT

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

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE ISSUE
ENAM	ICICI Securities	LINK INTIME INDIA PVT LTD (Formerly INTIME SPECTRUM REGISTRY LTD)
ENAM SECURITIES PRIVATE LIMITED 801/802, Dalamal Towers Nariman Point Mumbai - 400 021, Maharashtra Telephone: + 91 22 6638 1800 Facsimile : +91 22 2284 6824 Email: tara.ipo@enam.com Website: www.enam.com Investor Grievance id: complaints@enam.com Contact Person: Mr. Harish Lodha SEBI Registration Number: INM000006856**	**ICICI SECURITIES LIMITED** ICICI Centre, H.T. Parekh Marg Churchgate Mumbai – 400 020, Maharashtra Telephone: +91 22 2288 2460 Facsimile: +91 22 2282 6580 Email: tara.ipo@icicisecurities.com Website: www.icicisecurities.com Investor Grievance E-mail: customercare@icicisecurities.com Contact Person: Mr. Gaurav Goyal / Mr. Ayush Jain SEBI Registration Number: INM000011179	**LINK INTIME INDIA PRIVATE LIMITED** C- 13, Pannalal Silk Mills Compound L.B.S Marg, Bhandup (West) Mumbai - 400 078, Maharashtra Telephone: +91 22 2596 0320 Facsimile: +91 22 2596 0329 Email: tjl.ipo@linkintime.co.in Website: www.linktime.co.in Investor Grievance E-mail: tjl.ipo@linkintime.co.in Contact Person: Mr. Sanjog Sud SEBI Registration No: INR000004058

BID/ISSUE PROGRAMME*	
BID OPENING DATE: [●]	**BID CLOSING DATE: [●]** **QIB BID CLOSING DATE: [●]***

* *Our Company and the Selling Shareholder may, in consultation with the BRML, consider participation by Anchor Investors. Anchor Investor shall Bid on Anchor Investor Bidding Date.*
** *The SEBI registration certificate of Enam Securities Private Limited, one of the book running lead managers to the Issue as merchant banker has expired on October 15, 2011. As required under Regulation 9(1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992("**SEBI Merchant Bankers Regulations**") and in compliance with SEBI Circular No.*

SEBI/MIRSD/DR-2/SRP/Cir-2/2005 dated January 4, 2005, an application dated June 21, 2011 for renewal of the said certificate of registration, in the prescribed manner, was made on June 24, 2011 to SEBI, three months before the expiry of the said certificate of registration. The approval of SEBI in this regard is awaited and no communication has been received from SEBI up till now.

*** *Our Company may, in consultation with the BRLMs, consider closing the Bid Period for QIBs one Working Day prior to the Bid Closing Date in accordance with the SEBI Regulations.*

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates, requires or implies, the following terms shall have the following meanings in this Draft Red Herring Prospectus. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

Company Related Terms

Term	Description
Articles/ Articles of Association	The articles of association of our Company, as amended.
Auditor	The statutory auditor of our Company, being C.B. Chhajed & Co., Chartered Accountants.
Board/ Board of Directors/ our Board	The board of directors of our Company, as duly constituted from time to time, or committees thereof.
Company/ Issuer/ Tara	Tara Jewels Limited, a public limited company incorporated under the Companies Act.
Corporate Office	The corporate office of our Company, presently located at Plot No. 29(P) & 30(P), Sub Plot A, SEEPZ, SEZ, Andheri (East) Mumbai – 400 096, India.
Director(s)	The director(s) on our Board.
ESOP 2010	The employee stock option plan approved by the Board by resolution dated September 2, 2010. As on the date of this DRHP, 509,025 options have been granted under ESOP 2010.
Existing Stores	Retails stores of our Company operating as on November 30, 2011. The total number of Existing Stores is 29.
Group Companies	The companies, firms, ventures, etc. promoted by our Promoter, as described in section titled "*Our Promoter and Group Companies*" on page 154.
Key Managerial Personnel	The personnel listed as key managerial personnel in section titled "*Our Management*" on page 136.
Listing Agreement	Listing Agreement to be entered into by our Company with the Stock Exchanges.
"Memorandum" or "Memorandum of Association" or "MoA"	The memorandum of association of our Company, as amended.
Project Stores	Retail stores of our Company which are proposed to be funded through the Net Proceeds. The total number of Project Stores is 20.
Promoter	The promoter of our Company, being Mr. Rajeev Sheth.
Promoter Group	The persons and entities constituting our promoter group pursuant to Regulation 2(1)(zb) of the SEBI Regulations and as set out in section titled "*Our Promoter and Group Companies*" at page 154.
Registered Office	The registered office of our Company, presently located at Plot No. 122, 15th Road, near IDBI Bank, MIDC, Andheri (East) Mumbai – 400 093, India.
Scheme of Merger	The scheme of merger of Tara Jewels Exports Private Limited and T Two International Private Limited with our Company as approved by the Bombay High Court by its order dated January 23, 2009.
SEEPZ-SEZ Export Award	The export award issued by the Office of Development Commissioner, SEEPZ Special Economic Zone, Ministry of Commerce & Industries in relation to export performance and net foreign exchange earnings, based on performance of all units in SEEPZ.
Selling Shareholder	Fabrikant H.K. Trading Limited.
Subsidiaries	The subsidiaries of our Company, as described in section titled "*History and Certain Corporate Matters – Subsidiaries of our Company*" on page 130.
"We" or "us" or "our"	Our Company, and where the context requires, our Subsidiaries, on a consolidated basis.

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.

Term	Description
Allot/ Allotment/ Allotted	The allotment of Equity Shares pursuant to the Fresh Issue and transfer of the Equity Shares offered by the Selling Shareholder pursuant to the Offer for Sale.
Allottee	A successful Bidder to whom Allotment is made.
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion, who has Bid for an amount of at least Rs. 100 million.
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 and the Selling Shareholder in consultation with the BRLMs prior to the Bid Opening Date.
Anchor Investor Bidding Date	The date one Working Day prior to the Bid 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.
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 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 up to 30% of the QIB Portion or up to [●] Equity Shares.
ASBA or Application Supported by Blocked Amount	The application (whether physical or electronic) used to make a Bid authorizing the SCSB to block the Bid Amount in the specified ASBA Account maintained with such SCSB.
ASBA Account	Account maintained with a SCSB which will be blocked by such SCSB to the extent of the appropriate Bid Amount in relation to a Bid by an ASBA Bidder.
ASBA Bidders	Prospective investors, other than Anchor Investors, in this Issue who intend to Bid through ASBA.
Bankers to the Issue/Escrow Collection Banks	The banks which are clearing members and registered with SEBI, in this case being [●].
Basis of Allotment	The basis on which the Equity Shares will be Allotted as described in "*Issue Procedure - Basis of Allotment*" on page 363.
Bid	An indication by a Bidder to make an offer to subscribe for Equity Shares in terms of the Red Herring Prospectus.
Bidder	A prospective investor in this Issue, and unless otherwise stated or implied, includes an ASBA Bidder.
Bidding	The process of making a Bid.
Bid Amount	The highest Bid Price indicated in the Bid cum Application Form.
Bid cum Application Form	The form in terms of which a Bidder (including an ASBA Bidder) makes a Bid in terms of the Red Herring Prospectus and which will be considered as an application for Allotment.
Bid Price	The prices indicated against each optional Bid in the Bid cum Application Form.
Bid Closing Date	Except in relation to Anchor Investors, the date after which the Syndicate and the SCSBs will not accept any Bids, and which shall be notified in an English national daily newspaper, a Hindi national daily newspaper and a Marathi daily newspaper, each with wide circulation and in case of any revision, the extended Bid Closing Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI Regulations. Further, our Company, in consultation with the BRLMs, may decide to close Bidding by QIBs one day prior to the Bid Closing Date.
Bid Opening Date	Except in relation to Anchor Investors, the date on which the Syndicate and the SCSBs shall start accepting Bids, and which shall be the date notified in an English national daily newspaper, a Hindi national daily newspaper and a Marathi daily newspaper, each with wide circulation and in case of any revision, the extended Bid Opening Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI Regulations.
Bidding Centre	A centre for acceptance of the Bid cum Application Form.
Bidding Period	The period between the Bid Opening Date and the Bid Closing Date or the QIB Bid Closing Date, as the case may be (in either case inclusive of such date and the Bid Opening Date) during which Bidders, other than Anchor Investors, can submit their Bids, inclusive of any revision thereof. Provided however that the Bidding shall be kept open for a minimum of three Working Days for all categories of Bidders, other than Anchor Investors.

Term	Description
Book Building Process	The book building process as described in Part A of Schedule XI of the SEBI Regulations.
"Book Running Lead Managers" or "BRLMs" or "Lead Merchant Bankers"	Book running lead managers to this Issue, being Enam Securities Private Limited and ICICI Securities Limited.
CAN/ Confirmation of Allotment Note	Except in relation to the Anchor Investors, the note or advice or intimation of Allotment, sent to the each successful Bidder who have been or are to be allotted after discovery of the Issue Price, including any revision thereof.
Cap Price	The higher end of the Price Band, in this case being Rs. [●], and any revisions thereof, above which the Issue Price will not be finalized 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/pmd/scsb.html or at such other website as may be prescribed by SEBI from time to time.
Cut-Off Price	Any price within the Price Band determined by our Company and the Selling Shareholder in consultation with the BRLMs, at which only the Retail Individual Bidders and Eligible Employees are entitled to Bid, for Equity Shares of an amount not exceeding Rs. 200,000.
Depository	A depository registered with the SEBI under the Depositories Act, 1996.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
"Depository Participant" or "DP"	A depository participant registered with the SEBI under the Depositories Act.
Designated Branches	Such branches of the SCSBs which shall collect the Bid cum Application Forms used by the ASBA Bidders 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 the Escrow Collection Banks transfer and the SCSBs issue, or by when have issued, instructions for transfer, of the funds from the Escrow Accounts and the ASBA Accounts, respectively, to the Public Issue Account in terms of the Red Herring Prospectus.
"Designated Stock Exchange" or "DSE"	[●].
"Draft Red Herring Prospectus" or "DRHP"	This draft red herring prospectus dated December 30, 2011 filed with SEBI, prepared and issued by our Company in accordance with the SEBI Regulations.
Eligible Employee	A permanent and full-time employee of (i) our Company; and (ii) our Subsidiaries; or a Director of our Company, whether whole-time or part-time, as on the date of this Draft Red Herring Prospectus, who is an Indian national and is based, working and present in India as on the date of submission of the Bid cum Application Form and who continues to be in such employment until submission of the Bid cum Application Form, but excludes our Promoter and Promoter Group and such other persons not eligible under applicable laws, rules, regulations and guidelines.
Eligible NRI	An NRI from such a jurisdiction outside India where it is not unlawful to make an offer or invitation under this Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to Bid on the basis of the terms thereof.
Employee Reservation Portion	Up to 1% of the Issue size, constituting [●] Equity Shares, available for allocation to Eligible Employees.
Enam	Enam Securities Private Limited.
Equity Shares	The equity shares of our Company of face value of Rs. 10 each.
Escrow Accounts	Accounts opened for this Issue to which cheques or drafts are issued by Bidders (excluding ASBA Bidders).
Escrow Agreement	An agreement to be entered among our Company, the Selling Shareholder, the Registrar to the Issue, the Escrow Collection Banks, the BRLMs and the Syndicate Members for the collection of Bid Amounts and for remitting refunds, if any, to the Bidders (excluding the ASBA Bidders) on the terms and conditions thereof.
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form.
Floor Price	The lower end of the Price Band below which no Bids will be accepted, in this case being Rs. [●], and any revisions thereof.
Fresh Issue	The issue of up to [●] Equity Shares offered for subscription pursuant to the terms of the Red Herring Prospectus.
Gross Proceeds	The Issue Proceeds less the amount to be raised with respect to the Offer for Sale.

Term	Description
I-Sec	ICICI Securities Limited.
IPO Grading Agency	[●], the credit rating agency appointed by our Company for grading this Issue.
Issue	Public issue of up to [●] Equity Shares aggregating to Rs. 2,200 million consisting of a Fresh Issue of up to [●] Equity Shares aggregating to Rs. 1,500 million by our Company and an Offer for Sale of up to [●] Equity Shares aggregating to Rs. 700 million by the Selling Shareholder.
Issue Agreement	The agreement entered into on December 29, 2011 between our Company, the Selling Shareholder and the BRLMs.
Issue Price	The price at which Allotment will be made, as determined by our Company and the Selling Shareholder in consultation with the BRLMs.
Issue Proceeds	The proceeds of this Issue that are available to our Company and the Selling Shareholder.
Mutual Fund Portion	[●] Equity Shares or 5% of the Net QIB Portion, available for allocation to Mutual Funds out of the Net QIB Portion.
Net Issue	The Issue less the Employee Reservation Portion.
Net Proceeds	The Gross Proceeds less our Company's share of the Issue expenses.
Net QIB Portion	The portion of the QIB Portion less the number of Equity Shares Allotted to the Anchor Investors.
Non-Institutional Bidders	All Bidders (including ASBA Bidders and Sub-Accounts which are foreign corporates or foreign individuals) that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for an amount more than Rs. 200,000.
Non-Institutional Portion	The portion of the Net Issue being not less than 15% of the Net Issue consisting of [●] Equity Shares, available for allocation to Non-Institutional Bidders.
Offer for Sale	The offer for sale of up to [●] Equity Shares by the Selling Shareholder aggregating up to Rs. 700 million, pursuant to the terms of the Red Herring Prospectus.
Pre-IPO Placement	The private placement of up to 1,800,000 Equity Shares, for cash consideration aggregating up to Rs. 500 million by the Company at its discretion in favour of such investors as permissible under applicable laws, to be completed prior to filing the Red Herring Prospectus with the RoC and the details of which, if completed, will be included in the Red Herring Prospectus. If the Pre-IPO Placement is completed, the number of Equity Shares issued and transferred pursuant to the Pre-IPO Placement will be proportionately reduced from the Fresh Issue, subject to the Net Issue being at least 25% of the fully diluted post-Issue paid up capital of the Company.
Price Band	The price band between the Floor Price and Cap Price, including any revisions thereof and advertised in an English national newspaper, a Hindi national newspaper and a Marathi newspaper, each with wide circulation in the place where our Registered Office is situated, at least two Working Days prior to the Bid Opening Date.
Pricing Date	The date on which the Issue Price is finalised by our Company and the Selling Shareholder, in consultation with the BRLMs.
Prospectus	The prospectus of our Company to be filed with the RoC for this Issue after the Pricing Date, in accordance with Sections 56, 60 and 60B of the Companies Act and the SEBI Regulations.
Public Issue Accounts	The bank accounts opened with the Bankers to the Issue by our Company and the Selling Shareholder under Section 73 of the Companies Act to receive money from the Escrow Accounts on the Designated Date and where the funds shall be transferred by the SCSBs from the ASBA Accounts.
QIBs/ Qualified Institutional Buyers	Public financial institutions as defined in Section 4A of the Companies Act, FIIs and Sub-Accounts (other than Sub-Accounts which are foreign corporates or foreign individuals), VCFs, FVCIs, Mutual Funds, multilateral and bilateral financial institutions, scheduled commercial banks, state industrial development corporations, insurance companies registered with the IRDA, provident funds and pension funds with a minimum corpus of Rs. 250 million, the National Investment Fund and insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by department of posts, India, eligible for Bidding.
QIB Bid Closing Date	In the event our Company, in consultation with the BRLMs, decides to close Bidding by QIBs one day prior to the Bid Closing Date, the date one day prior to the Bid Closing Date; otherwise it shall be the same as the Bid Closing Date.
QIB Portion	The portion of the Net Issue being up to [●] Equity Shares available for allocation to QIBs (including the Anchor Investor Portion).

Term	Description
“Red Herring Prospectus” or “RHP”	The red herring prospectus to be issued by our Company in accordance with Sections 56, 60 and 60B of the Companies Act and the SEBI Regulations.
Refund Account(s)	The account(s) opened by our Company, from which refunds of the whole or part of the Bid Amount (excluding the ASBA Bidders), if any, shall be made.
Refunds through electronic transfer of funds	Refunds through NECS, NEFT, direct credit or RTGS, as applicable.
Refund Banker(s)	The Banker(s) to the Issue, with whom the Refund Account(s) will be opened, in this case being [●].
Registrar/ Registrar to the Issue	Link Intime India Private Limited.
Retail Individual Bidders	Bidders, who have Bid for an amount less than or equal to Rs. 200,000.
Retail Portion	The portion of the Net Issue being not less than 35% of the Net Issue, consisting of [●] Equity Shares, available for allocation to Retail Individual Bidders on a proportionate basis.
Revision Form	The form used by the Bidders, including ASBA 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), as applicable.
“Self Certified Syndicate Banks” or “SCSBs”	The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account in accordance with the SEBI Regulations and a list of which is available on http://www.sebi.gov.in/pmd/scsb.html or at such other website as may be prescribed by SEBI from time to time.
Stock Exchanges	The BSE and the NSE.
Syndicate Agreement	The agreement to be entered by our Company, the Selling Shareholder, the Registrar and members of the Syndicate, in relation to the collection of Bids (excluding Bids from the ASBA Bidders).
Syndicate ASBA Bidding Locations	Bidding Centres where an ASBA Bidder can submit their Bid in terms of SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011, namely, Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Baroda and Surat.
Syndicate Members	Intermediaries registered with the SEBI who are permitted to carry out activities as an underwriter, in this case being [●].
Syndicate	The BRLMs and the Syndicate Members.
Transaction Registration Slip/ TRS	The slip or document issued by any of the members of the Syndicate, or the SCSBs, as the case may be, to a Bidder upon demand as proof of registration of the Bid.
Underwriters	The BRLMs and the Syndicate Members.
Underwriting Agreement	The agreement to be entered into between the Underwriters, our Company and the Selling Shareholder on or immediately after the Pricing Date.
Working Days	All days on which banks in Mumbai are open for business except Sunday and any bank holiday, provided however during the Bidding Period a working day means all days on which banks in Mumbai are open for business and shall not include a Saturday, Sunday or a bank holiday.

Conventional/General Terms, Abbreviations and Reference to Other Business Entities

Abbreviation	Full Form
Admin	Administration
AGM	Annual General Meeting.
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
BSE	The BSE Limited.
CDSL	Central Depository Services (India) Limited.
Companies Act	Companies Act, 1956, as amended.
Contract Act	Indian Contract Act, 1872, as amended.
CST	Central Sales Tax Act, 1956, as amended.
DIN	Directors Identification Number.
DP ID	Depository Participant’s Identity.
NECS	National Electronic Clearing System.
EOU	Export Oriented Unit.
FCNR Account	Foreign Currency Non-Resident Account.
FDI	Foreign Direct Investment, as laid down in the Consolidated FDI Policy dated September 30, 2011, as amended.

Abbreviation	Full Form
FEMA	Foreign Exchange Management Act, 1999, together with rules and regulations framed thereunder.
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.
Fiscal/ Financial Year/FY	Period of twelve months ended March 31 of that particular year, unless otherwise stated.
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.
GM	General Manager
GoI/Government of India/ Central Government	The Government of India.
Gr. Gen Manager	Group General Manager.
H.K. Dollar	Hong Kong Dollar.
HR	Human Resource.
HUF	Hindu Undivided Family.
IFRS	International Financial Reporting Standards.
Indian GAAP	Generally accepted accounting principles in India.
IPO	Initial Public Offer.
IRDA	Insurance Regulatory Development Authority constituted under the Insurance Regulatory and Development Authority Act, 1991, as amended.
IT	Information Technology.
IT Act	Income Tax Act, 1961, as amended.
IT Department	Income Tax Department, GoI.
Limited Liability Partnership/LLP	A limited liability partnership registered under the Limited Liability Partnership Act, 2008.
Ltd.	Limited.
Mutual Funds	Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
N.A.	Not Applicable.
NAV	Net Asset Value.
NIF	National investment fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India.
No.	Number.
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.
“NR” or “Non Resident”	A person resident outside India, as defined under FEMA, including an Eligible NRI and an FII.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
OCBs	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under FEMA.
Ops	Operations.
p.a.	Per annum.
PAN	Permanent Account Number allotted under the IT Act.
P/E Ratio	Price/Earnings Ratio.
PLR	Prime Lending Rate.
P.O.	Post Office.

Abbreviation	Full Form
Pvt.	Private.
RBI	Reserve Bank of India.
RoC	Registrar of Companies, Mumbai.
Rs./Rupees	Indian Rupees.
RTGS	Real Time Gross Settlement.
SCRA	Securities Contracts (Regulation) Act, 1956, as amended.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended.
SEBI	The Securities and Exchange Board of India established under the SEBI Act.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended.
SEBI ESOP Guidelines	Securities And Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended.
SEBI Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.
Securities Act	United States Securities Act of 1933, as amended.
SEEPZ	Santacruz Electronics Export Processing Zone, a SEZ situated in Mumbai, India
SEZ	Special Economic Zone.
Sq. ft.	Square foot.
Sq. mt.	Square meter.
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.
Takeover Code	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended.
TAN	Tax deduction account number allotted the IT Act.
UAE	United Arab Emirates.
U.S./ US/ U.S.A/United States	The United States of America, together with its territories and possessions.
U.S. GAAP	Generally accepted accounting principles in the United States of America.
VCFs	Venture Capital Funds as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996.

Industry/ Project Related Terms, Definitions and Abbreviations

Term	Description
CAD	Computer Aided Design.
CAGR	Compounded Annual Growth Rate.
CAM	Computer Aided Manufacturing.
ECB	External Commercial Borrowing.
EPC	Export Packing Credit.
IMF	International Monetary Fund.
GDP	Gross Domestic Product.
G&J	Gems and Jewellery.
GJEPC	Gems and Jewellery Export Promotion Council.
NCAER	National Council of Applied Economic Research.
PCFC	Packing Credit in Foreign Currency.
PSC	Post Shipment Credit.
PSFC	Post Shipment in Foreign Currency.

The words and expressions used but not defined herein shall have the same meaning as is assigned to such terms under the Companies Act, the SCRA, the Depositories Act and the rules and regulations made thereunder.

Notwithstanding the foregoing, terms in sections titled "*Main Provisions of the Articles of Association*", "*Statement of Tax Benefits*" and "*Financial Statements*" on pages 370, 85 and 163, respectively, have the meanings given to such terms in these respective sections.

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

Currency of Presentation

All references to “Rupees” or “Rs” are to Indian Rupees, the official currency of the Republic of India. All references to “US$” or “U.S. Dollar” are to United States Dollar, the official currency of the United States of America. All references to “H.K. Dollar” or “Hong Kong Dollar” are to the official currency of the People’s Republic of China. All references to “Lempiras” is to the official currency of Honduras.

Financial Data

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

All the numbers in the document, have been presented in million or in whole numbers where the numbers have been too small to present in millions.

There are significant differences between Indian GAAP, IFRS and US GAAP. We have not attempted to explain those differences or quantify their impact on the financial data included herein and we urge you to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the 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. 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 this Draft Red Herring Prospectus, any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off.

Market and Industry Data

Market and industry data used in this Draft Red Herring Prospectus has generally been obtained or derived from industry publications and sources. These publications typically state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be made based on such information. Although we believe that industry data used in this Draft Red Herring Prospectus is reliable, it has not been verified. Similarly, we believe that the internal company reports are reliable however, they have not been verified by any independent sources.

The extent to which the market and industry data used in this Draft Red Herring Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the teaching industry in India and methodologies and assumptions may vary widely among different industry sources.

FORWARD-LOOKING STATEMENTS

This DRHP contains certain “forward looking statements”. These forward looking statements can generally be identified by words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions. Similarly, statements that describe our objectives, strategies, plans or goals are also forward looking statements. All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause our actual results to differ materially from those contemplated by the relevant forward looking statement.

Important factors that could cause actual results to differ materially from our expectations include, among others:

- technological developments in the mass production of jewellery;
- our ability to meet the design and production requirements of our customers efficiently;
- the market acceptance of our and our customers’ jewellery;
- increases in expenses associated with continued sales growth;
- our ability to control costs;
- our management’s ability to evaluate the public’s taste and new orders to target satisfactory profit margins;
- our capacity to develop and manage the introduction of new designed products; and
- our ability to compete.

For a further discussion of factors that could cause our actual results to differ, see sections titled “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations of our Company*” on pages x, 107, and 250, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

Forward looking statements speak only as of the date of the DRHP. None of our Company, the Selling Shareholder, its Directors, its officers, any Underwriter, or any of their respective affiliates or associates has any obligation to update or otherwise revise any statement reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. Our Company, the Selling Shareholder and the BRLMs will ensure that investors in India are informed of material developments until the commencement of listing and trading.

SECTION II – 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 consolidated financial statements under Indian GAAP, as restated.

I. Risk related to our Business

1. ***We are involved in 27 legal proceedings, for claims, to the extent quantifiable, amounting to Rs. 400.54 million which if determined against us, could affect our business and financial conditions.***

Our Company is party to several legal proceedings. These legal proceedings are in the nature of civil cases and tax cases pending at different levels of adjudication before various courts and tribunals. No assurances can be given as to whether these proceedings will be settled in our favour or against us. If a claim is determined against us and we are required to pay all or a portion of the disputed amount, it could have an adverse effect on our results of operations and cash flows. A classification of the legal proceedings instituted against and by our Company and the monetary amount involved in these cases is mentioned in brief below:

Litigation against

(in Rs. million)

Name of entity	No. of Civil Cases**	No. of Tax Cases***	Amount involved*
Company	4	20	85.10
Promoter	Nil	1	3.57
Directors	Nil	Nil	Nil
Subsidiaries	Nil	Nil	Nil
Associates	Nil	Nil	Nil
Group Companies and entities	Nil	Nil	Nil

** to the extent quantifiable.*
*** includes customs cases against our Company.*
****arising out of assessment order served for an assessment year.*

Litigations by

(in Rs. million)

Name of entity	No. of Civil Cases	No. of Tax Cases	No. of Criminal Cases	Amount involved*
Company	1	Nil	1	311.87
Promoter	Nil	Nil	Nil	Nil
Directors	Nil	Nil	Nil	Nil
Subsidiaries	Nil	Nil	Nil	Nil
Associates	Nil	Nil	Nil	Nil
Group Companies and entities	Nil	Nil	Nil	Nil

** to the extent quantifiable.*

For further details, please see section titled "*Outstanding Litigations and Material Developments*" on page 278.

2. Our business depends, in part, on factors affecting consumer spending that are out of our control.

Jewellery purchases are discretionary and are often perceived to be a luxury purchase. Consequently, our business is sensitive to a number of factors that influence consumer spending. In addition, we compete with other retail categories, for example electronics, travel, etc. for consumers' discretionary expenditure. Therefore, the price of jewellery relative to other products influences the proportion of consumers' expenditure that is spent on jewellery. Other factors include general economic conditions, consumer confidence in future economic conditions and political conditions, recession and fears of recession, 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 and fears of war.

In particular, an economic downturn may lead to decreased discretionary spending, which can adversely impact the luxury retail operations and lead to declining income and losses for our business. For example, due to downturn in general economic conditions in the global markets, our sales from Fiscal 2007 to Fiscal 2008 were reduced by 2.80%. Continued adverse changes in factors affecting discretionary consumer spending could further reduce consumer demand for our products, resulting in a continued reduction in our sales and further harming our business and results of operation.

3. We propose to invest major portion of Net Proceeds towards establishing retail stores. However, we have limited operating history in retail business. Therefore, we may not have sufficient experience to address risks frequently encountered and may not be able to implement our growth strategy successfully.

We propose to invest Rs. 663.00 million out of the Net Proceeds towards establishment of retail stores. However, we commenced retail operations in October 2008. Since we continue to be predominantly an export oriented company, we believe investment in retail operations will help us in diversifying our business operation. We also believe our experience from export operations will help us leverage our retail operations.

However, the development of retail operations involves various risks, including among others, execution risk, financing risk and effective communication risk. Given our limited operating history in retail business, we may not have sufficient experience to address the risks, including our ability to operate retail stores successfully, achieve and maintain satisfactory retail store sales, maintain adequate inventory and create effective brand awareness. If we are unsuccessful in addressing such risks, our business may be materially and adversely affected. For the three months period ended June 30, 2011, Fiscal 2011, 2010 and 2009, the retail operations contributed 11.72%, 8.18%, 1.75% and 0.29% of our total income. Further, for the same period we had 31, 31, 5 and 3 retail stores, respectively.

Our failure to successfully undertake retail business could materially adversely affect our business, prospects, financial condition and results of operations. For instance we have closed our two retail stores, one each in Aurangabad and Nagpur on September 11, 2011. Although, closure of two retail stores were on account of existence of our additional retail store in these cities, however, investors should not evaluate prospects and viability of retail business based on our performance in manufacturing and export operations. Further, our analysis of our previous financial history for the prior periods may not provide a meaningful basis for evaluating our business prospects and financial performance for our retail operations or to make a decision about an investment in the Equity Shares.

4. Any fluctuation in price and supply of gold and polished diamonds, which account for the majority of our total raw material costs, could adversely impact our income.

Raw materials, which we use for our manufacturing process, include gold, polished diamond and precious stones. For the three months period ended June 2011, Fiscal 2011, 2010 and 2009, gold and polished diamonds constituted 95.10%, 97.28%, 98.27% and 98.56% of our total raw material cost, respectively. Any increase in the prices of gold and polished diamonds may adversely affect the demand for jewellery products. Therefore our cost of merchandise and income may be adversely impacted by investment market considerations.

The major final demand for gold is driven by jewellery manufacture, however, the cost of gold at times is driven by investment transactions. Prices of gold, is volatile in nature and is linked to the international commodity indices. For example, the prices for the gold reached a high of Rs. 2,907 per gram in November, 2011 and low of Rs. 1,936 per gram in January 2011, respectively (Source: *www.goldprice.org*) for the twelve month period commencing from December 1, 2010 and ending on November 30, 2011. Further, the supply and price of diamonds in the principal world markets are significantly influenced by a single entity—the Diamond Trading Company ("**DTC**"), a subsidiary of De Beers Consolidated Mines Limited. DTC's share of the diamond supply chain has decreased over recent years, which may result in more volatility in diamond prices. Previously, we have also faced shortfall in supply of gold and polished diamonds.

Our inability to increase our sale prices to reflect higher commodity costs would result in lower profitability. Historically, we have been able to increase prices to reflect changes in commodity costs. 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.

5. ***Our business is seasonal in nature with significant sales in the period from August to December and February to March.***

Our business is seasonal, with a significant proportion of our sales generated in the period commencing from August to December and February to March. Our sales are particularly high for the period August to December due to Christmas and Diwali season, whereas for the period February to March higher sales can be attributed to valentine's day and mother's day. We expect to continue to experience a seasonal fluctuation in our sales and income. We have limited ability to compensate for shortfalls in our sales or income during such periods by introducing changes in operations and strategies for rest of the year, or to recover from any extensive disruption, for example due to sudden adverse changes in consumer confidence, global pricing of gold, lower disposable income or disruption to storehouse and retail store replenishment systems. A significant shortfall in sales during these periods would therefore be expected to have a material adverse effect on our results of operations.

Further, as a result of the above, our quarter-on-quarter financial results may not be comparable or a meaningful indicator of our futuristic performance. For example, for Fiscal 2011, 2010 and 2009 our sales during the period from August to December constitutes 37.53%, 46.87% and 43.57% of our total turnover and during the period from February to March constitutes 35.84%, 24.59% and 25.61% of our total turnover, respectively. Any analysis of our financial results on a quarter-on-quarter basis may be perceived as negative indicator of our growth, which may adversely impact market price of our Equity Shares.

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

Competition for opportunities in consumption-led sectors is based on a variety of factors, including our performance and reputation, investor perception of management's vision, focus and alignment of interests and our quality of service. There are relatively few barriers to entry impeding new entrants in our lines of business, resulting in increased competition.

Retail industry in India for jewellery is highly fragmented and competitive. If we fail to create a position or our existing competitive position deteriorates, 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. This is particularly the case for easily comparable pieces of jewellery, of similar quality, sold through stores that closely resemble to those that we operate.

For our export operations, we compete against other jewellery exporters, such as Renaissance, Gold Star and Inter Gold. Some of our competitors are substantially larger and have considerably greater financing resources than those available to us. Competitors also may have a lower cost of funds and many have access to funding sources that are not available to us. In addition, certain of our competitors may have greater risk appetites or different risk assessment policies than ours, which could encourage them to consider a wider variety of opportunities, establish more relationships and more quickly build their market share. Also, some of our competitors may have greater technical, marketing and other resources and greater experience in our lines of business than us, enabling them to secure opportunities at lower prices or to otherwise incentivize the sellers.

We may in future experience increased competition from existing or new companies in the jewellery industry. Due to increased competition, we could experience downward pressure on prices, lower demand for our products, reduced margins, an inability to take advantage of new business opportunities and a loss of market share, all of which would have an adverse impact on our business and results of operations.

7. We may not be able to implement our growth strategy successfully.

We may not be able to achieve our planned rate of expansion for our jewellery business. If we are unable to implement our growth strategies successfully, our future growth in income 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.

For example, we had proposed to open all our 25 retail stores by June, 2011, however, on account of delay in raising funds, expected roll out of these stores have been rescheduled to December 31, 2012 which has delayed our reach to the new regions and new customers. 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 and to oversee our Existing 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.

8. Our top 10 customers accounted for 55.17% of our total income from export operations in Fiscal 2011. We cannot assure you that sales from export operations will continue; if not, our income may decline.

Although we sell to a large number of customers across various markets, we are highly dependent on top 10 customers for our export operations. For the three months period ended June 30, 2011, Fiscal 2011, 2010 and 2009, these customers have accounted approximately 60.27%, 55.17%, 65.96% and 70.11% of our income from export operations and approximately 44.03%, 44.71%, 64.53% and 69.83% of our total income from sales, respectively. Each of these customers is a non-affiliated third party and is not a related party of our Company or any of our Subsidiaries. Although we have maintained good and longstanding relationships with these customers, we do not have any long-term contract with either of them. The loss of either of these customers or a significant reduction in their orders would have a materially adverse effect on our income. For further details of sales to our top 10 customers, see section titled "*Our Business*" on page 115.

As a result of significant reliance on these customers, we may face certain issues including pricing pressures. Our contracts with these customers are typically for a limited period, ranging between one and two years, and the terms of such contracts normally allow the customers to terminate the contracts without cause by giving notice as per the terms of the agreement. In addition, we have no guarantee of income under these agreements or minimum requirements for the use of our products. The loss or significant decrease in the volume of business from one or more of our significant customers would have an adverse effect on our business, financial condition and cash flows. Further, the income from these customers may vary from year to year, making it hard to forecast future business needs, particularly since we are not the exclusive supplier for any of our customers. Any significant decreases in spending on jewelleries by the end user of our major customers may accordingly reduce the demand for our products and adversely affect our income, profitability and results of operations. In addition, our income may be affected by competition and a number of factors, other than our performance, that could cause the loss of a customer and that may not be predictable such as financial difficulties, bankruptcy or insolvency affecting our customers. These customers may in the future demand price reductions, develop and implement newer technologies, automate some or all of their processes or change their strategy by moving more work in-house or to other providers, any of which could reduce our profitability. Any of the foregoing events or any delay or default in payment by our customers may adversely affect our business, financial condition and results of operations.

9. We are exposed to currency exchange risks, since our income on account of overseas clients is denominated in U.S. Dollar and our operating expenses are denominated in Rupees.

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 2011, 2010 and 2009 the value of the Rupee against the U.S. Dollar fell by approximately 0.58%, rose by 5.68% and fell by 13%, respectively (Source: *Information deduced from the monthly conversion rates notified by Central Board of Excise and Customs for Fiscal 2011, 2010 and 2009*). For the three months period ended June 30, 2011, Fiscal 2011, 2010 and 2009, 72.98%, 80.94%, 97.61% and 99.37% of our income was on account of overseas clients and was denominated in U.S. Dollar and other foreign currencies respectively. During the same period, 52.17%, 44.59%, 48.60% and 57.09% of our operating expenses were denominated in Rupees on account of our geographical location respectively.

Since we expect that a majority of our income will continue to be generated in foreign currencies and that we would attempt to undertake significant portion of our expenses will be in Rupees, we have entered into forward contracts to hedge exchange related risk. However, in the event our operations are in excess of the amount hedged by us, our operating results 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.

10. Our Promoter and few members of our Promoter Group are engaged in business activities similar to ours.

Our Promoters and Promoter Group members are engaged in a similar line of business to ours. For more details regarding our Promoters and Promoter Group members, see section titled "*Our Promoters and Group Companies*" on page 154. We cannot assure you that our Promoters will not favour the interests of other Promoter Group members over our interests. The other Promoter Group members, including those in a similar line of business, may dilute our Promoters' attention to our business, which could adversely affect our business, financial condition and results of operations. Commercial transactions in the future between us and related parties could result in conflicting interests.

In order to address the conflict, we have entered into two non-compete agreements with members of Promoter Group i.e. Divya Jewels International Private Limited and Aarti Jewellers Private Limited through two different agreements, both dated September 1, 2010. We believe non-compete agreements will help in minimising the conflict of interest. For further details in relation to non-compete agreements, please see section titled "History *and Certain Corporate Matters*" on page 133.

11. 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 and introduce new and enhanced products successfully and on timely basis will play a significant factor in our ability to grow and to remain competitive. For example, till some time back for jewellery manufacturing was handcrafted, however, the same has recently been replaced by plating technology and wax setting technology. 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 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.

12. If our manufacturing equipment fails, we may not be able to continue manufacturing jewellery, or may experience difficulty in achieving acceptable yields and product performance.

Our manufacturing equipments are normally not subject to any replacement, repair and maintenance warranty. Although, we maintain necessary back-up machines for our critical operations including casting and investment, further we also maintain adequate stock of imported spare parts for carrying out any immediate repairs. However, 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 any or all equipments or facilities used can lower yields, cause quality control problems, and further interrupt the functioning of any or all our manufacturing equipments resulting in losses of products in process.

13. ***Failure to develop and introduce new jewellery designs that achieve customer acceptance could result in a loss of market opportunities.***

We have a jewellery designing team of 41 members responsible for introducing new and innovative designs for our jewelleries. Our business highly depends on innovative designs to meet the expectations of our customers. Development of new designs is subject to unpredictable and volatile factors beyond our control, including end user preferences and competing products. In addition, due to the competitive nature of the jewellery market in which we operate, the innovative designs remain the key differentiators, which normally possess short life span. We need to continuously invest in research and development to develop new and differentiated products for our customers. Further, some or all of such products may not provide adequate returns to commensurate with our investments. Our products could also be rapidly rendered obsolete by non-acceptance of such products. Unexpected technical, operational, deployment, distribution or other problems could delay or prevent the timely introduction of new products, which could result in a loss of market opportunities.

14. ***Ineffective execution of marketing programs and reduced marketing expenditure could have an adverse effect on our sales.***

Primary factors in determining customer buying decisions in the retail business include customer confidence, price points for our products, designs in the retailer together with the level and quality of customer service.

The ability to differentiate our products and our Existing Stores from competitors by its branding, marketing and advertising programs is an important factor in attracting consumers. As a result, from time to time we undertake brand building exercise and marketing programs to enhance our brand visibility. 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 operations. In case our marketing expenses are lesser than market standards, our marketing programs may be perceived ineffective. However, if our marketing expenses are higher than the market standards, it may adversely affect our income and results of operations.

15. ***Our Promoter has significant control over us, and has the ability to direct our business and affairs; their interests may conflict with your interests as a shareholder.***

As on date of this Draft Red Herring Prospectus, our Promoter, together with the members of the Promoter Group, own approximately 82% of our pre-Issue paid up share capital. Our Promoter, together with the members of the Promoter Group, will continue to hold significant control post completion of the Issue. The Promoter has 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. Promoter 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.

16. ***Failure to manage our inventory could have an adverse effect on our net sales, profitability, cash flow and liquidity.***

For our retail operations, our results of operations are dependent on our ability to effectively manage our inventory. To effectively manage our inventory, we must be able to accurately estimate customer demand and supply requirements and purchase new inventory accordingly. If our management has misjudged expected customer demand it could adversely impact the results by causing either a shortage of merchandise or an accumulation of excess inventory. Further, if we fail to sell the inventory we manufacture or purchase, we may be required to write-down our inventory or pay our vendors without new purchases, or create additional vendor financing, which would have an adverse impact on our income and cash flows.

For export operations, normally the jewellery we sell is carried on a consignment basis prior to sale or is otherwise financed by vendors, which reduces our required capital investment in inventory. However, we have experienced cancellation of export orders in the recent past which results in accumulation of inventory. Any significant change in the consignments, cancellation of consignments and vendor financing relationships, could have a material adverse effect on our net sales, cash flows and liquidity.

17. Inability to procure retail space satisfying our operational and financial criteria and to successfully renegotiate the lease deeds, could adversely affect our business, financial condition and results of operation.

As of November 30, 2011, we have 29 Existing Stores. We propose to launch 20 Project Stores by December 31, 2012. Our retail operations are dependent on a number of factors relating to our retail stores. These include the availability of property, the demographic characteristics of the area around the retail store, availability of appropriate staff, the design and maintenance of the retail stores, the availability of attractive locations coupled with our operational and financial criteria, the terms of leases and our relationship with landlords. The leases are generally for a term of two to three years, with rent being a fixed amount. Given the length of property leases that we enter into, we are dependent upon the continued popularity of particular retail locations. We have not yet negotiated any lease for renewal since none of our leases are near expiration. However, our business, financial condition, and operating results could be adversely affected if we are unable to procure space that satisfy the operational and financial criteria for our Proposed Stores or to negotiate favorable lease and renewal terms for our Existing Stores.

18. Our entire sales for export operations are made utilizing credit provided by us to our customers. Therefore, any deterioration in the consumers' financial position could adversely impact sales and income.

For the three months period ended June 30, 2011, Fiscal 2011 and 2010 we have made 100% of our sales from export operations, utilizing the credit provided by us to our customers. In terms of our prevailing credit policy we extend credit ranging from 30 to 120 days. Any significant deterioration in general economic conditions or increase in customers' debt levels may inhibit our export customers' use of credit and decrease their ability to satisfy our requirement to authorize credit and could in turn have an adverse effect on our sales. Furthermore, any downturn in general or local economic conditions in the markets in which we operate may adversely affect our ability to extend credit to our customers, thereby affecting our sales. It would also adversely affect the collection of outstanding credit accounts receivable, the net bad debt charge and hence income.

Although we maintain credit insurance policy while extending credit facilities to our customer, however, we cannot assure you if such credit insurance would be sufficient in realizing the entire amount. Also we cannot assure you that insurance companies would not dispute the amount claimed by us. For example, we have filed litigation against ICICI Lombard for payment of dues aggregating to Rs. 311.69 million pursuant to a default by one of our customer. For further details see section titled "*Outstanding Litigation and Other Material Developments*" on page 278.

19. We obtain gold on loan basis, which remains subject to RBI regulations. Any adverse change in the regulations governing gold on loan basis may adversely affect our financial condition and results of operation.

We obtain gold on loan basis which is always subject to such conditions as are imposed by RBI. RBI has permitted exporters to import gold on loan basis on the condition that the usance period should not exceed 90 days. The exporters are also given the option to fix the price and repay the gold loan within 180 days from the date of export. Further, the Department of Commerce requires that Indian exporters can import gold on loan basis subject to furnishing of bank guarantee or legal undertaking, for customs duty to nominated agencies and banks. For further details, see section titled "*Regulations and Policies*" on page 122.

Further, since we are designated as Nominated Agency, we also import gold directly from international suppliers including Aster Commodities and Standard Bank. In case of direct imports, our cost of gold is generally fixed at the time of sale of gold or jewellery to our customer.

We cannot assure you that we will always be able to enjoy these benefits. In the event there is any adverse change in these regulations or expiry of Nominated Agency designation, we may not be able to enjoy the extended usance period or the right to fix the price within the given time frame. Such adverse changes may affect our working capital cycle and may reduce our ability to fix the price of gold which could have an adverse effect on our financial condition and results of operation.

20. Changes in consumer attitudes to jewellery could be unfavorable and harm jewellery sales.

Consumer attitudes to diamonds, gold and other precious metals and gemstones also influence the level of our sales. Attitudes could be affected by a variety of issues including non-acceptance of diamonds from specific regions, non-promotion of jewellery by fashion industry, decrease in the perceived value and customer satisfaction of the jewellery compared to its price, availability of alternate metals and consumer attitudes to substitute our products with products such as cubic zirconia, moissanite and of laboratory created diamonds. A negative change in consumer attitudes to jewellery could adversely impact our sales.

21. One of our manufacturing facilities and our distribution centres is located in China and USA, respectively. Our results of operations and financial condition may, therefore, be influenced by the economic, political, legal and social conditions in China and USA.

The government reforms are expected to continue to reform a nation's economic and political systems. Such reforms have resulted in significant social progress. Other political, economic and social factors could also lead to further readjustment of the reform measures. This refinement and readjustment process may not always have a positive effect on our operations in China and USA. At times, we may also be adversely affected by changes in policies of the government such as changes in laws and regulations or their interpretation, the introduction of additional measures to control inflation, changes in the rate or method of taxation and imposition of additional restrictions on currency conversion and remittances abroad.

22. We have not entered into any long-term contracts with any of our customers for our export operations.

We do not have any long-term contracts with our customers for export operations 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. Moreover, most of our orders placed for our products are supplied on credit basis and in such circumstances, any delay or non-receipt of payment from the customers may result in an increase in working capital cycle and bad debts, affecting our liquidity position and profitability.

23. We are dependent upon key suppliers for gold and polished diamonds and any disruption in their supply could disrupt our business and adversely affect our financial results.

Historically, gold and polished diamonds contributed significantly to our total raw material cost. We purchase gold and polished diamonds from various suppliers on either pre-agreed rates or flexible spot-rates linked to the prevailing market benchmark. Our key suppliers of gold are Punjab National Bank, The Bank of Nova Scotia, and Chenaji Narsingji, and for polished diamonds are Dhaval Exim Private Limited, Keshar Creation and Dison Gems Inc. For the three months period ended June 30, 2011, Fiscal 2011, 2010 and 2009, we have purchased raw material amounting to Rs. 2,059.59 million, Rs. 4,955.57 million, Rs. 2,298.77 million and Rs. 1,445.95 million constituting 53.50%, 47.58%, 36.51% and 21.12% of our total cost of raw materials, respectively.

However, we do not enter into any long term agreements with our suppliers and our arrangements with them are on short-term and spot basis.

If we are unable to source gold and polished diamonds at commercially acceptable prices, or at all, it may affect our ability to fulfill our supply commitments, or to fulfill them in an economical manner, which will have an adverse effect on our business, financial condition and results of operations.

24. Majority of our export operations are to clients in USA. Economic slowdown and other factors that affect the economic health of USA may affect our business.

A significant proportion of our income is derived from clients located in USA. For the three month ended June 30, 2011, Fiscal 2011, 2010 and 2009 our income from export operations to USA forms 25.47%, 46.04%, 46.73% and 43.76% of our total income from export operations. Any economic slowdown in USA 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.

25. We require certain approvals and licenses in the ordinary course of business, 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, which includes the status of Star Trading House and designation of a Nominated Agency by the Ministry of Commerce & Industry, Government of India. Some of the approvals 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 further details, see section titled "*Government and Other Approvals*" on page 289.

If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, it may adversely affect our business operations. For example, our trade mark application for registration of "Facets of Love" in UK was refused. Although, the trade mark has been discontinued by the Company due to non-registration, we cannot assure you that we will be able to register our trademarks in future.

Further, if we fail to renewal certain approvals or certifications such as status of Star Trading House and designation of a Nominated Agency, we may not be able to enjoy the benefits which they confer upon us, including our ability to directly import gold from foreign suppliers. 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.

26. We avail certain tax benefits under SEZ Act and other fiscal statutes. 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.

Two of our manufacturing units are situated at SEEPZ, Mumbai. For our Ultimo Unit situated at SEEPZ, Mumbai, we are entitled to avail certain direct tax exemptions or reimbursements.

Under Sections 10A and 10AA of the Income Tax Act, our Company is eligible, subject to the prescribed conditions, deduction of certain profits and gains derived from re-export of imported goods from Ultimo Unit at SEEPZ, Mumbai. Below is the tabular representation of tax benefits available derived from one of our SEZ unit are as:

Particulars	Section 10A	Section 10AA
Deduction of 100% of the profits and gains	April 1, 2003 to March 31, 2008	April 1, 2006 to March 31, 2011
Deduction of 50% of such profits and gains	April 1, 2008 to March 31, 2010	April 1, 2011 to March 31, 2016
Deductions not exceeding 50% of the profits and gains as is credited to ―Special Economic Zone Re-investment Reserve Account	April 1, 2010 to March 31, 2013	April 1, 2016 to March 31, 2021

For further details in relation to the nature of benefits enjoyed by an SEZ unit, see section titled "*Statement of Tax Benefits*" on page 85.

Hence, 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 loss of such benefits and our business, financial condition and results of operations may be adversely affected as a result.

Further, pursuant to the SEZ Act we have to maintain positive NFE at all time for our operations carried from SEEPZ, Mumbai. In the event we fail to maintain positive NFE, we would be subject to such penalties as contained in the Foreign Trade (Development and Regulation) Act, 1992, including penalty which may go up to five times the value of the goods in respect of which contravention is made.

27. 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. We supply jewellery to our customers on credit, in accordance with our current credit policy. 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. In addition, we have to provide bank guarantees to satisfy payment obligations to suppliers for supply of gold. 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.

II. Company related risks

28. If we do not adequately protect our intellectual property rights, we may have to resort to litigation to enforce our intellectual property rights, which could result in substantial costs and diversion of management attention and resources.

We rely on a combination of copyright, trademark, patents and trade secret laws and restrictions on disclosure, such as confidentiality provisions and non-disclosure agreements, to protect our intellectual property rights. As of November 30, 2011, we have 37 registered trademarks, 13 designs and one patent. Our trademark and logo "TARA LOGO" is registered with the Trademarks Registry in Mumbai, India. We have recently filed an application for registration of certain similar trademarks namely Tara Jewellers and Tara with the Trademarks Registry in Mumbai, India. We have currently applied to register 44 other trademarks with trademarks authorities across various jurisdictions, one design with Controller General of Designs and three patent applications with the Controller of Patents in India. For more information, see section "*Government and Other Approvals — Intellectual Property Approvals*" on page 294. We cannot assure you that the application for registration of such trademarks or patents which are pending registration will be granted by the relevant authorities. In the event we do not obtain patents, trademarks and copyrights for which we have applied we may lose protection of the intellectual property associated with the product, which may provide opportunities to competitors to compete with our products, which could be detrimental to our existing and future business.

Despite our efforts to protect our intellectual property rights, unauthorized parties may attempt to copy or otherwise obtain and use our patented technology and applications thereof and the applicable laws may not adequately protect our proprietary rights. Monitoring unauthorized use of our applications is difficult and costly, and we cannot be certain that the steps will be effective to prevent piracy and other unauthorized distribution and use of our technology. From time to time, we may have to resort to litigation to enforce our intellectual property rights, which could result in substantial costs and diversion of management attention and resources. Any such litigation could be time consuming and costly and the outcome cannot be guaranteed. We may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect our intellectual property. In addition, India is a party to international agreements which may in the future require it to modify its existing intellectual property protection regime, which may in turn impact our ability to secure appropriate levels of such protection for our products.

In the recent past, we filed litigation against Tara Jewels, Bhopal for infringement of our Company's registered trademark, and for passing off jewellery business as our Company's business. The defendant has settled the dispute, acknowledging the trademark as our Company's mark. Further the defendant also undertook to withdraw its trademark application and agreed not to apply for registration of any mark which is identical with and/or deceptively similar to our Company's marks. Although, we have successfully settled the infringement, we cannot assure if we will be able to settle such infringements amicably.

Historically, we have relied on trade secrets, know-how and other proprietary information. However, these confidentiality obligations may be breached, and we may not have adequate remedies for any breach. Third parties may otherwise gain access to our proprietary information or may independently develop substantially equivalent proprietary information.

29. We may require additional financing or capital, which may not be available on commercially reasonable terms, or at all.

Within the last three years, the global economic and capital market conditions have deteriorated significantly and have adversely affected access to and the cost of capital. There is a possibility that 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 including issuance of Equity Shares pursuant to ESOP Scheme, 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.

30. We have entered into an MoU with M. Fabrikant & Sons which contains certain restrictive covenants.

We have entered into an MoU dated November 15, 2002 with M. Fabrikant & Sons for investment by M. Fabrikant & Sons or one of the affiliates (collectively "**MFS**") in one of the companies which got subsequently merged with us and hence the MoU in terms of the Scheme of Merger is now obligated on us. As per the terms of the MoU, we are subject to following restrictive covenants:

(a) any future issue of shares or distribution dividends can only be made on a pro rata basis and with the prior approval of MFS;
(b) MFS will be the sole partner, investor or affiliate of our Company (and all its related companies) for the sale and distribution of products in North America.
(c) Our Promoter and our Company will not sell any products directly to retailers in North America unless it is for the benefit of MFS.

Fabrikant H.K. Trading Limited, an affiliate of M. Fabrikant & Sons pursuant to two separate undertakings dated September 29, 2010 and December 7, 2010, has (i) waived the right to receive proportionate equity shares and (ii) confirmed not to have any special rights (including management rights) in our Company, post the Issue, respectively. However, restrictions in terms of sale and distribution in North America are still applicable to us. As a result, for our business operations in North America, we will continue to rely on Fabrikant H.K. Trading Limited. Any deficiency in the services provided by Fabrikant H.K. Trading Limited can adversely affect our operations in North America.

For further details in relation to the MoU, please see section titled "*History and Certain Corporate Matters*" on page 134.

31. 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 installments.

32. Some of our Subsidiaries and our Promoter Group and Group Companies have incurred losses in the recent past.

Our Subsidiaries, namely Quatro Jewellery Private Limited, Tara (Hong Kong) Limited and its subsidiary Tara China Jewelry have incurred losses in recent past. Further, one of our Promoter Group and Group Companies Tara Sparkles Private Limited has also incurred losses in the past. The details of losses incurred by these entities are set out below:

(in Rs. million)

Particulars	Three months period ended June 30, 2011	Fiscal 2011	Fiscal 2010	Fiscal 2009
Quatro Jewellery Private Limited	-	-	-	(0.45)*
Tara Sparkles Private Limited	-**	-***	(0.03)	-
Tara (Hong Kong) Limited	(1.51)	-	N.A.	N.A.
Tara China Jewelry Limited	(1.41)	-	N.A.	N.A.

** reflects accumulated losses.*
*** audited financials for the three months period ended June 30, 2011 are currently unavailable.*
**** the company had no operations in Fiscal 2011.*

Quatro Jewellery Private Limited has made an application dated March 17, 2010 to the Registrar of Companies, Mumbai, for striking off the name of the company from the register of companies. In the event the above mentioned Subsidiaries continues to incur losses, our Company's consolidated results of operations and financial condition may be adversely affected. For further details, please refer to the section titled "*History and Certain Corporate Matters*" and "*Our Promoters and Group Companies*" on pages 126 and 154. Further, except for Tara China Jewelry and Tara Sparkles Private Limited, none of our Subsidiaries and Group Companies has negative networth.

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

Our Company and some of our Group Companies 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 Companies.

As on June 30, 2011, our Company has availed unsecured loan of Rs. 77.40 million and as on March 31, 2011 our Group Companies have availed loan of Rs. 13.81 million on a cumulative basis.

34. Our contingent liabilities could adversely affect our financial condition.

For the three months period ended June 30, 2011, Fiscal 2011, 2010 and 2009, we had contingent liabilities of Rs. 2,514.93 million, Rs. 2,085.98 million, Rs. 1,020.47 million and Rs. 1,098.30 million, respectively. If any or all of these contingent liabilities were to materialize, it could have an adverse effect on our business, financial condition and results of operation. For further information, see section titled "*Financial Statements*" on page 163.

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

There are restrictive covenants in the agreements we have entered into with our lenders. The agreements governing certain of our debt obligations include terms that require us to obtain prior written consent before undertaking the following:

- any change in the capital structure of our Company;
- formulation of any scheme of amalgamation or reconstruction;
- implementation of any scheme of expansion/diversification/modernization other than incurring routine capital expenditure;
- making any corporate investments or investment by way of share capital or debentures or lending or advancing funds to or placing deposits with, any other concern except giving normal trade credits or placing on security deposits in the normal course of business or making advances to employees, provided that our Company can make such investments by way of deposits or advances that are required to be made as per existing laws; and
- undertaking any guarantee obligations on behalf of any third party or any other company.

Such restrictive covenants in our loan documents may restrict our operations or ability to expand and may adversely affect our business. Though we have received necessary approvals from our lenders for the Issue, such restrictive covenants may also affect certain of the rights of our shareholders. For details of these restrictive covenants, see section titled "*Financial Indebtedness*" on page 275.

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

We have standard credit insurance policy, jeweller's block policy, directors and officers liability, and keyman insurance policy, which provides insurance cover against insolvency of our customers, loss or damage of jewellery by fire, explosion, lightning, riot and strikes, which we believe is in accordance with industry practices. Our policies also insure against loss or damage suffered during transit of our stock and stock in trade except cash and currency notes. Although we attempt to limit and mitigate our liability for damages through contractual provisions and insurance policies, the indemnities set forth in our contracts and our insurance policies may not be enforceable in all instances or the limitations of liability may not protect us from entire liability for damages. Any successful assertion of one or more large claims against us could adversely affect the results of our operations. We have not obtained insurance for protecting us from "future business losses" or "loss of profits" and in the event of such losses occurring, the operations of our Company may be affected significantly. For further details, please refer to section titled "*Our Business - Insurance*" on page 121.

37. 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.

38. 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. While we believe we have a satisfactory working relationship with our labourers and employees, we remain subject to the risk of labour disputes and adverse employee relationships. These potential disputes and adverse relations could result in work stoppages or other events that could disrupt our business operations or the development of our projects, which could have a material adverse effect on our business, financial condition or results of operations.

Further, there is significant competition for professionals in India with skills necessary to perform the services. Increased competition for these professionals could have an adverse effect on us. High attrition rates among designers and craftsmen could result in a loss of domain and process knowledge, which could result in poor products. A significant increase in the turnover 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. Our annual attrition rate for employees for Fiscals 2011, 2010 and 2009 was 18.08%, 25% and 24%, respectively.

39. We do not own the premises where our Registered Office, Corporate Office and manufacturing units are located.

We do not own the premises on which our Registered Office, Corporate Office and manufacturing units are situated and operate from leased premises. For our Registered Office we have entered into a lease deed dated October 17, 2005 with Maharashtra Industrial Development Corporation and Numero Uno International Limited which is valid up to January 31, 2069. The lease agreements are renewable at the option of both the parties at such rates as may be agreed. If the owner of such premises does not renew the agreement under which we occupy the premises or renew such agreements on terms and conditions that are unfavorable to us, we may suffer a disruption in its operations which could have a material adverse effect on its business and operations.

The details of registered office, corporate office and manufacturing units of our Company are as under:

For Registered Office: The property was initially leased by the Maharashtra Industrial Development Corporation ("**MIDC**") to SOTC Holiday Tours Private Limited ("**SOTC**"). The lease was assigned by SOTC to Numero Uno International Limited and has been subsequently assigned to our Company by agreement of assignment dated August 29, 2005 and order dated October 17, 2005 of the Area Manager, MIDC.

For Corporate Office: The property was initially leased by MIDC to Development Commissioner of SEEPZ (on behalf of the President of India) and has been sub-leased to our Company by sub-lease agreement dated February 27, 2003.

For manufacturing facilities: Our Company has four manufacturing facilities. Details of such manufacturing facilities are as under:

(i) Ultimo Unit: Our Company's Ultimo Unit and Corporate Office are situated at the same property;
(ii) T2 Unit: The property was initially leased by MIDC to the President of India and subsequently leased to our Company by a sub-lease agreement dated July 12, 2002;
(iii) MIDC Unit: Our Company's MIDC Unit and Registered Office are situated at the same property;
(iv) Panyu Unit: The property has been leased by Mr. Michel Weinstock to Company's subsidiary, Tara (Hong Kong) Limited, for a period starting from January 1, 2007 till December 31, 2012.

Further, we confirm that the owners of the Registered and Corporate Office and the manufacturing facilities of our Company are not related to our Company or its Promoter.

The details of the lease agreements are given below:

S. No.	Property	Party to the agreement	Documentation	Other terms	
				Term	Consideration
1.	Registered Office	Numero Uno International Limited	Agreement to assign	Valid till January 31, 2069	Rs. 60,000,000
2.	Corporate Office	President of India	Sub-lease agreement	Valid till July 28, 2017	Rs. 26,660 per annum
3.	Ultimo Unit	President of India	Sub-lease agreement	Valid till July 28, 2017	Rs. 26,660 per annum
4.	T2 Unit	President of India	Sub-lease agreement	Valid till May 31, 2029	Rs. 6,300 per annum
5.	MIDC Unit	Numero Uno International Limited	Agreement to assign	Valid till January 31, 2069	Rs. 60,000,000

S. No.	Property	Party to the agreement	Documentation	Other terms	
				Term	Consideration
6.	Panyu Unit	Mr. Michel Weinstock	Rental contract for factory space	Valid till December 31, 2012	U.S. Dollars 6,125 per month

Further, our Company has sub-leased a part of the T2 Unit property, admeasuring 300 square feet and situated at Unit No. GJ-7, SDF VII to Gesswein Trading Private Limited. The sub-lease is valid from April 1, 2007 to March 31, 2016 and the rent receivable on such sub-lease is Rs. 50,000 per month. Based on the representation received from our Company and its Promoter, we confirm that Gesswein Trading Private Limited is not related to our Company or its Promoter.

40. The operations of our Company are subject to operational risk.

Due to the nature of our business and despite compliance with requisite safety requirements and standards, the operations of our Company are subject to operating risks associated with jewellery manufacturing. Operating risks may result in personal injury and property damage and in the imposition of civil and criminal penalties. The occurrence of any of these events could have a material adverse effect on our business, financial condition and results of operations.

Also, our manufacturing facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence and industrial accidents. Our manufacturing facilities are also subject to operating risk arising from compliance with the directives of relevant government authorities. The occurrence of any of these events could adversely affect our operating results.

41. We rely extensively on our information technology systems and any failures in our systems could adversely impact our business.

We rely extensively on our information technology systems to provide us connectivity across our business functions through our software, hardware and connectivity systems. We have entered into an agreement dated March 30, 2007 with SAP for grant of license to use the software documentation and other proprietary information for our internal business operations. We solely depend on our information technology systems for our core functions including processing and tracking of orders placed by our customers. Due to inherent nature of our business, our reliance on these systems is immense.

Any disruptions in continuous functioning of our systems may adversely impact our business operations.

42. 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 Existing Stores and Project Stores can adversely impact results from operations.

In the past there has been an incidence of theft of assorted imported diamonds and some cash by an ex-employee of our Company on April 4, 1997 at SEEPZ. Further, we have also been imposed penalty by the authorities. Recently, there has been a theft of jewellery amounting to Rs. 0.18 million at our retail store situated at Pune. Although we maintain an insurance cover against such theft, we cannot assure you that such incidences will not occur in future or our security systems are sufficient to prevent such theft. For further details regarding the litigation, see section titled "*Outstanding Litigations and Material Developments*" on page 278.

43. Our Company has issued Equity Shares at a price that may be below the Issue Price.

Our Company has not issued any Equity Shares in past one year. However, our Company has made bonus issuance of 5,923,707 Equity Shares on September 4, 2010 and our Company has also issued 228,880 Equity Shares at the face value on preferential allotment basis to Ms. Divya Sheth and Ms. Aarti Sheth on September 7, 2010. We believe the Equity Shares issued pursuant to the bonus issue and preferential allotment were made at a price lower than the Issue Price. For further details, please see section titled "*Capital Structure*" beginning on page 61.

The price at which the Equity Shares have been issued previously 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.

44. We have not made any provision in our financial statements for potential decline in value of our investments.

Our investments include investments in market securities, which are subject to inherent market risks. Any fluctuation in the market index may fluctuate the value of our investments. We have not made any provision in our financial statements in respect of any potential loss which may be caused due to decline in value of such investments. If the value of these investments were to decline significantly, there could be a material adverse effect on our business, financial condition and results of operations.

As on June 30, 2011 we have made an investment of Rs. 20.10 million in such securities.

45. 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.

46. We have not entered into any definite agreements in relation to retail spaces for our Project Stores.

We are yet to enter into definitive agreements for retail spaces in relation to our Projects Stores. Availability of retail space is dependent on a number of factors including the availability of property, the demographic characteristics of the area around the retail store, availability of appropriate staff, the design and maintenance of the retail 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.

47. We do not register our jewellery designs under the Designs Act, 2000 and we may lose income if our designs are duplicated by competitors.

We develop designs for most of jewellery products we manufacture based on the designs developed by us. We select the jewellery designs from amongst the designs made by the designing team, based on market trends and our requirements in each of our retail stores. Due to the competitive nature of the jewellery markets in which we operate, innovative designs remain the key differentiators, which therefore possess short life span. Consequently, jewellery designs change on a frequent basis and hence we do not register these designs under the Designs Act, 2000.

Our designs therefore are not protected under the Designs Act, 2000 and if competitors copy our designs it could lead to loss of income, which could adversely affect our reputation and our results of operations.

48. We propose to utilise a part of the Net Proceeds for general corporate purpose and our management will have the discretion to deploy the funds.

We propose to utilise the Net Proceeds for purposes identified in the section titled "*Objects of the Issue*" and we propose to utilise the balance portion of the Net Proceeds towards general corporate purposes. General corporate purposes including brand building exercises and strengthening of our marketing capabilities. The deployment of such funds is entirely at the discretion of our management and our Board, subject to compliance with the necessary provisions of the Companies Act.

III. External Risks Factors

49. 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.

50. 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.

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

The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in Europe and USA. 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.

52. 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.

53. Increases in interest rates may adversely impact our results of operations.

We are exposed to interest rate risk and we have currently not entered into swap or interest rate hedging transactions in connection with our loan agreements. We may enter into interest hedging contracts or other financial arrangements in the future to minimize our exposure to interest rate fluctuations. We cannot assure you, however, that we will be able to do so on commercially reasonable terms or any of such agreements we enter into will protect us fully against our interest rate risk. Any increase in interest expense due to factors beyond our control, such as governmental, monetary and tax policies and domestic and international economic and political conditions, may have an adverse effect on our business prospects, financial condition and results of operations.

54. 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.

55. Any downgrading of India's debt rating by an international rating agency could have an adverse impact on our business.

Any adverse revision to the rating of India's domestic or 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 funding is available. This could have an adverse effect on our business and future financial performance, its ability to obtain financing for capital expenditures and the trading price of the Equity Shares.

56. 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 unconsolidated 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.

57. We will be required to prepare our financial statements in accordance with IFRS effective from April 1, 2014. There can be no assurance that our adoption of IFRS will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt IFRS by April 1, 2014 could have an adverse effect on the price of the Equity Shares.

The Institute of Chartered Accountants of India, the accounting body that regulates the accounting firms in India, has announced a road map for the adoption of and convergence with the IFRS, pursuant to which some public companies in India will be required to prepare their annual and interim financial statements under IFRS beginning with the fiscal period commencing April 1, 2014. Based on current timeline announced for IFRS convergence for Indian companies, our Company estimates that the earliest that it would need to prepare annual and interim financial statements under IFRS would be the financial period commencing from April 1, 2014. There is currently a significant lack of clarity on the adoption of and convergence with IFRS and we currently do not have a set of established practices on which to draw on in forming judgments regarding its implementation and application, we have not determined with any degree of certainty the impact that such adoption will have on our financial reporting. There can be no assurance that our financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under IFRS than under Indian GAAP. As we transition to IFRS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. Moreover, there is increasing competition for the small number of IFRS-experienced accounting personnel as more Indian companies begin to prepare IFRS financial statements. There can be no assurance that our adoption of IFRS will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt IFRS by April 2014 could have an adverse effect on the price of the Equity Shares.

58. ***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. In addition, the leadership of India has undergone multiple changes since 1996. Any political instability in India may adversely affect the Indian securities markets in general, which could also adversely affect the trading price of our Equity Shares.

59. ***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 Asian emerging market countries. 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.

60. ***Civil disturbances, regional conflicts and other acts of violence in India and abroad may disrupt or otherwise adversely affect the Indian economy.***

Certain events that are beyond the control of our Company, such as violence or war, including those involving India, the United Kingdom, the United States or other countries, may adversely affect worldwide financial markets and could potentially lead to a severe economic recession, which could adversely affect our business, results of operations, financial condition and cash flows, and more generally, any of these events could lower confidence in India's economy. Southern Asia has, from time to time, experienced instances of civil unrest and political tensions and hostilities among neighbouring countries. Political tensions could create a perception that there is a risk of disruption of services provided by India-based companies, which could have an adverse effect on our business, future financial performance and price of the Equity Shares. Furthermore, if India were to become engaged in armed hostilities, particularly hostilities that are protracted or involve the threat or use of nuclear weapons, the Indian economy and consequently Company's operations might be significantly affected. India has from time to time experienced social and civil unrest and hostilities, including riots, regional conflicts and other acts of violence. Events of this nature in the future could have an adverse effect on our ability to develop our business. As a result, our business, results of operations and financial condition may be adversely affected.

61. ***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.

Prominent Notes

- Issue of [●] Equity Shares for cash at a price of Rs. [●] per Equity Share aggregating up to Rs. 2,200 million. The Issue and the Net Issue shall constitute [●] % and [●] % of the fully diluted post-Issue paid up capital of our Company, respectively.

- The net worth of our Company on a unconsolidated basis and consolidated basis as at June 30, 2011, was Rs. 2,256.04 million and Rs. 2,269.22 million, respectively.

- The book value per Equity Share/NAV as at June 30, 2011 was Rs. 125.34 as per our stand-alone financial statements and the book value per Equity Share/NAV as at June 30, 2011 was Rs. 126.07 as per our consolidated financial statements. For more information, see section titled "*Financial Statements*" on page 163.

- The average cost of acquisition per Equity Share by our Promoter is Rs. 15.67. For further details, see section titled "*Capital Structure*" on page 61.

- There are no financing arrangements whereby our Promoter, Promoter Group, Directors or their immediate relatives have financed the purchase of Equity Shares by any other person during the six months preceding the date of filing of this Draft Red Herring Prospectus.

- For information on changes in our Company's name, Registered Office and changes in the objects clause of the MOA of our Company, see section titled "*History and Certain Corporate Matters*" on page 126.

- Except as disclosed in the section titled "*Financial Statements-Consolidated Restated Summary Statements as per Audited Consolidated Financial Statements*" and "Financial Statements – *Unconsolidated Restated Summary Statements as per Audited Financial Statements*" on pages 212 and 164, respectively there have been no transactions between our Company and our Subsidiaries, Group Companies, Key Managerial Persons during the last year.

- Except as disclosed in the sections titled "*Financial Statements – Consolidated Restated Summary Statements as per Audited Consolidated Financial Statements*", "*Financial Statements – Unconsolidated Restated Summary Statements as per Audited Financial Statements*" and "O*ur Promoter and Group Companies*" on pages 212 and 164 and 154 respectively, none of Group Companies are interested in our Company.

- Any clarification or information relating to this Issue shall be made available by the Book Running Lead Managers and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. The Book Running Lead Managers shall be obligated to provide information or clarifications relating to this Issue. Investors may contact the Book

Running Lead Managers and the Syndicate Members for any complaints or comments pertaining to this Issue which the Book Running Lead Managers will attend to expeditiously.

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 Bid cum Application Form has been submitted by the ASBA Bidder.

SECTION III – 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.

Global Economic Overview

The International Monetary Fund's ("IMF") most recent global economic outlook update (January 2011) has projected global output to expand by 4½ percent in 2011, an upward revision of about ¼ percentage point relative to the October 2010 economic outlook. This reflects stronger-than-expected activity in the second half of 2010 as well as new policy initiatives in the United States that will boost activity this year. But downside risks to the recovery remain elevated. The most urgent requirements for robust recovery are comprehensive and rapid actions to overcome sovereign and financial troubles in the euro area and policies to redress fiscal imbalances and to repair and reform financial systems in advanced economies more generally. These need to be complemented with policies that keep overheating pressures in check and facilitate external rebalancing in key emerging economies. (Source*: IMF-World Economic Outlook Update January 2011*)

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 U.S. Dollars 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.

Indian Economy Overview

As per the Revised Estimates of National Income, 2010-11, released by the Central Statistical Organisation on February 7, 2011, growth in GDP during 2010-11 is estimated at 8.6% as compared to the growth rate of 8.0% in 2009-10. The GDP growth was primarily a result of growth rates of over 8% in the sectors of 'manufacturing', 'construction', 'trade, hotels, transport and communication', 'financing, insurance, real estate and business services'. In terms of growth rates, the national income is expected to rise by 8.2 per cent during 2010-11 in comparison to the growth rate of 7.5% in 2009-10.

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*). To meet its consumption requirements for jewellery and investments, India imported gold to the tune of 970.7 tonnes in Fiscal 2011. Almost 95% of the gold imported is used for jewellery. The major supplier countries are Switzerland, South Africa, Australia and UAE. (Source: *World Gold Council as cited in Care Research – Indian Gems and Jewellery Industry, August 2011*).

Diamonds

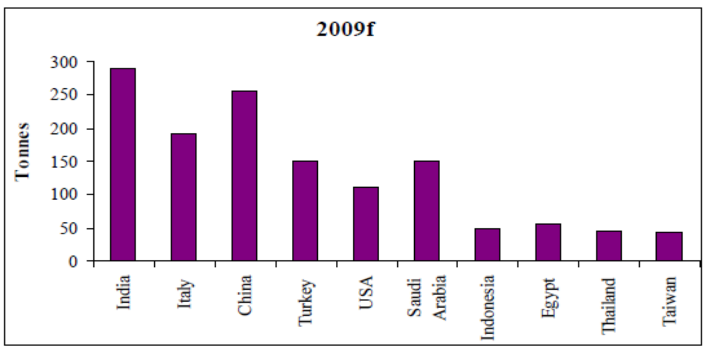
India is a leading diamond processor in the world. With the rise in gold prices, consumers are turning to diamond-studded jewellery which gives them a higher perception of luxury and value. The craftsmanship and low cost of Indian diamond processors has given India a competitive advantage in diamond cutting and polishing. India accounts for approximately 60% of global polished diamonds market in terms of value and more than 90% in terms of pieces. India's dominance in the cutting and polishing segment can be attributed to superior craftsmanship, low cost of Indian labour and superior technology. (Source: *Care Research-Indian Gems and Jewellery Industry, August 2011).*

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*).

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)

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 2011 the gems and jewellery industry accounted for approximately 17.5% of India's total merchandise exports amounting to U.S. Dollars 43.14 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.

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, August 2011). 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 by 50.5% in Fiscal 2011 (Source: *Care Research-Indian Gems and Jewellery Industry, August 2011).*

Country wise exports of gold jewellery

The export of the gems and jewellery industry grew at a Compounded Annual Growth Rate (CAGR) of 21.33%, from Fiscal 2002 to Fiscal 2011. The total exports for Fiscal 2011 is U.S. Dollar 43.14 billion which is more than 46.56% more than the exports in Fiscal 2010. The major gems and jewellery export destinations in Fiscal 2011 were the US (11%), the UAE (47%), Hong Kong (22%) and Belgium (5%). The industry has been able to reduce its dependence on the US market and explore other markets like the UAE and Hong Kong. (Source: *Care Research-Indian Gems and Jewellery Industry, August 2011)*

Following is the country wise exports for the Fiscal 2011, 2010 and 2009:

(in Rs. billion)

	Fiscal 2009	Fiscal 2010	Fiscal 2011
USA	186.61	194.26	210.9
UAE	305.24	607.73	900.43
Hong Kong	238.82	311.17	421.36
Belgium	68.65	76.85	95.9
Singapore	27.77	35.65	19.09
Israel	34.12	38.64	57.28
Japan	12.46	13.18	19.09
Thailand	14.45	15.82	19.09
UK	11.34	15.32	19.09
Switzerland	8.05	5.71	-
Germany	5.14	5.18	-
Australia	5.22	8.75	19.09
China	-	20.01	38.18
Netherland	-	5.75	-
Others	38.23	36.55	95.9
Total	**956.10**	**1390.56**	**1915.40**

(Source: GJEPC Annual Report as cited in the Care Research-Indian Gems and Jewellery Industry, August 2011)

Retailing Jewellery Industry

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, 450,000 gold smiths spread across the country and more than 6,000 players in the diamond-processing industry. Organised players have been growing steadily, carving a market share of 4%. 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. (Source: *Care Research-Indian Gems and Jewellery Industry, August 2011)*

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 U. S. Dollars 185 billion in 2010 and U. S. Dollars 230 billion by the year 2015 growing at CAGR of 4.6% between 2010 and 2015. In 2005, sales totalled U.S. Dollars 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 U.S. Dollars 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.

SUMMARY OF BUSINESS

In this section, unless the context requires otherwise, any reference to "we", "our" and "us" refers to our Company and our Subsidiaries on a consolidated basis.

Investors should note that this is only a summary and does not contain all information that you should consider before investing in our Equity Shares. You should also read the entire Red Herring Prospectus, including the information in the sections titled "*Industry Overview*", "*Our Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations of our Company*", and "*Financial Statements*" beginning on pages 94, 107, 250 and 163, and related notes before deciding to invest in our Equity Shares. For risks related to our business, our Company and our industry, see section titled "*Risk Factors*" on page x.

Overview

We are an integrated player in the jewellery industry with experience ranging from designing to retailing of jewellery. We are conferred with the status of a Star Trading House by the Ministry of Commerce & Industry, Government of India and have been the highest exporter in gems and jewellery sector for the years 2008-2009 and 2009-2010 (*Source*: *SEEPZ-SEZ Export Award*). Our business can be divided into three operations namely, manufacturing, exporting and retailing. Our portfolio of products includes gold, platinum, honeydium, and silver jewellery with or without studded precious and semi-precious stones. Our products have presence across different price points and cater to customers across high-end, mid-market and value market segments.

We have four manufacturing units, of which one is located in Panyu, China. The other three units are located in Mumbai, India out of which two units are situated in SEEPZ and one in MIDC. For the three months period ended June 30, 2011 and Fiscal 2011, 2010 and 2009 we have achieved an aggregate production of 508.31 kgs, 4,753.25 kgs, 2,562.91 kgs and 1,551.50 kgs of jewellery, respectively. Our manufacturing units are spread over an area of 84,584 square feet employing 41 designers and 1,066 craftsmen, as on November 30, 2011.

We export studded jewellery which is manufactured by us and by third party manufacturers. We export studded jewellery to jewellery chains including Christ Uhrean & Schmuck and retailers including Walmart. We primarily export to Australia, China, Canada, European Union, South Africa, UAE, UK and USA. In the European Union, we export to 14 countries including Austria, Germany and Switzerland. Our Company's income from export operations has grown at a CAGR of 7.78% from Fiscal 2009 to Fiscal 2011. For the three months period ended June 30, 2011, Fiscal 2011, 2010 and 2009, our income from export operations constitutes 72.98%, 80.94%, 97.61% and 99.37% of our total income, respectively.

We conduct our jewellery retail operations under the brand "Tara Jewellers". We entered jewellery retailing in India in October 2008 with the launch of our Existing Store at Andheri, Mumbai and as on November 30, 2011 we operate 29 Existing Stores spread over an aggregate area of 29,229.01 square feet. We intend to launch 20 Project Stores across India by December 31, 2012. Our retail stores span across suburban areas of metro cities, mini metros and cities with higher concentration of mid-income segment. Our sales from retail operations increased to Rs. 932.68 million in Fiscal 2011 from Rs. 142.74 million in Fiscal 2010 and Rs. 23.33 million in Fiscal 2009 at CAGR of 532.28%.

Our Company has been designated as a Nominated Agency for the purposes of direct import of precious metal by the Ministry of Commerce & Industry, Government of India. Our Company for one of its manufacturing units situated in SEEPZ has been awarded as second highest and highest net foreign exchange earner for the period 2008-2009 and 2009-2010, respectively (*Source*: *SEEPZ-SEZ Export Award*). We have also been awarded with "Second Highest Exporter" award for the year 2006-2007, 2007-2008 and 2008-2009 among EPZ and EOU complexes by Gems and Jewellery Export Promotion Council. Further, we have received the "Global Supplier of the Year" award from the Walmart for 2005 and 2007, and our Ultimo unit situated at SEEPZ, Mumbai has received "Green" assessment during Walmart's ethical standard audit in 2010. All our operations are integrated into SAP.

Our Promoter, Mr. Rajeev Sheth, is a certified gemologist from Gemological Institute of America, USA and bench jeweller trained in USA and Japan. He has over 31 years of manufacturing and retail experience. He is also responsible for introducing concepts like flexible manufacturing units and turntable technology in our Company.

For the three months period ended June 30, 2011, Fiscal 2011, 2010 and 2009, our total income was Rs. 3,503.72 million, Rs. 11,408.14 million, Rs. 8,159.52 million and Rs. 7,998.87 million, respectively. Our total income grew at a CAGR of 19.42% from Fiscal 2009 to Fiscal 2011. For the three months period ended June 30, 2011, Fiscal 2011, 2010 and 2009 our net profit after tax and minority interest was Rs. 74.11 million, Rs. 408.31 million, Rs. 241.12 million and Rs. 84.59 million, respectively.

Competitive Strengths

Leadership in exports market for studded jewellery

We have been the highest exporter in gems and jewellery sector for the years 2008-2009 and 2009-2010 and during the same time one of our manufacturing units situated in SEEPZ has been awarded as highest and second highest net foreign exchange earner, respectively. We export to Australia, China, Canada, European Union, UK and USA and supply to large jewellery chains including Christ Uhrean & Schmuck. In the European Union, we export to 14 countries including Austria, Germany and Switzerland. We have grown significantly during the past five years, and our income from export operations has increased from Rs. 6,292.51 million in Fiscal 2007 to Rs. 9,233.67 million in Fiscal 2011.

We believe that the design and quality of our studded jewellery products, coupled with our export customer base, including retail chains and wholesalers, have strengthened our presence in international markets and has also led to securing new business.

Access to advanced technology and modern machinery

We are focused on large scale production and our manufacturing process is technology intensive. We use state of the art equipment for wax injection, investment and casting. For our manufacturing process we rely on essential technologies like wax setting technology and on patented technologies. We own the patented turntable technology and use for multi-skilled workforce, which is an indigenously developed manufacturing facility based on “precision oriented jewellery” concept. We have applied for grant of patent to our invisible plate setting technology for setting princess diamonds in wax. We have also applied for grant of patent on resizable ring technology which enables resizing of rings without disturbing the shape or falling of stones in case of studded rings. Further, we use robotics technology for stone setting in studs. Similarly, we have access to advanced plating technology which allows various types of plating on silver. Recently, we have also applied for grant of patent for miracle plates technology. Miracle plates technology is used in setting diamonds through a push set method and is used in the mountings of diamond jewellery to perceptually enhance the size of the diamonds.

Further, we also use laser technology for stamping and quality testing purposes. The entire production is checked for correct caratage on Fischer assaying machine. Laser soldering machines are used for assembly and laser marking machines for stamping. We also use the metal mould process to achieve lightweight products. We believe that our ability to use the latest machinery and techniques for our precision oriented jewellery enhances our offering capabilities.

Strong and long-term relationship with our customers

We maintain long terms relationships with our key customers, which include several global corporations, by strategically aligning our offerings with their business needs. We follow structured approach for our product development which involves market research, sales analysis, brand development, media campaigns and promotions in our customer’s markets. We share our findings with our existing and potential customers in securing new orders. For example, we have partnered with Walmart to provide wholistic marketing and product solutions for studded jewellery. Our approach towards our customers has resulted in various collaborated branding efforts including, “Heart2Heart”, “Candy Hearts”, “Snow Diamonds” and “Cherished Hearts”.

Our long standing partnerships 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 demonstrated technical expertise has helped in forging strong relationships with our major customers and gaining increased business from them. We have a history of high retention of our key customers and derive a significant proportion of our income from repeat business.

We believe our structured approach towards product development, execution capabilities and exposure to the global practices helps us in effective entry into the retail business.

Integrated player with domain knowledge

We are an integrated player with comprehensive knowledge about jewellery industry. In the past 10 years we have spanned the entire value chain starting from job worker to retail operations. We leverage upon our experience from activities like diamond cutting and polishing, job-work, sub-contracting, manufacturing, designing, distribution and wholesale, retail management and retail ownership.

Our understanding of the industry helps us in assessing market opportunities and positioning ourselves accordingly. Since our business is seasonal in nature, we believe forecasting market trends is a significant advantage for our business. Our understanding of jewellery business coupled with our designing capabilities help us in introducing designs for our retail and 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. Further, we believe that we maintain good relations with certain leading Indian diamond houses for continuous supply of diamonds and in certain situations immediate supply of the same. For supply of bullion, we entered into gold 'on loan' agreement with banks namely Bank of India, Union Bank of India, Punjab National Bank, State Bank of India, Bank of Nova Scotia and also source gold directly from international suppliers. We have the capabilities to deliver the goods directly at the retail stores of our customers, in exceptional situations.

Experience of our Promoter and a strong management team

We believe that our qualified and experienced management has substantially contributed to the growth of our business operations. Mr. Rajeev Sheth, Chairman and Managing Director, is also the only Indian director on the board of Jewelers Board of Trade, USA. He has been involved in setting up high-end luxury jewellery boutique, Rose International in 1981 and in the past he was also the managing director of Inter Gold India Private Limited. We also leverage upon his experience in previously setting up jewellery manufacturing in India and Thailand. He has also been involved in setting up Egana India Private Limited, which trades under the brand "Watches & More".

In addition to our Promoter, we have a dedicated management team comprising of Ms. Alpana Deo (joint managing Director), Mr. Vikram Raizada (executive Director- marketing, retail and business development), Ms. Nalini Rajan (Director, finance) and Ms. Aarti Sheth (executive Director). Ms. Alpana Deo is responsible for the overall strategic planning and policy development of our Company. Mr. Vikram Raizada heads our marketing division and is also in charge of new business development. Ms. Nalini Rajan is responsible for planning and control of the finance function. Ms. Aarti Sheth oversees the strategic alliances and new business development for our institutional and retail clients in USA. Our managerial team also includes experienced individuals namely Ms. Ingrid Buchner (director, sales - Europe), Mr. Sherman Chui (president, Tara China Jewelery Limited), Mr. Leonard Meyer (president - sales of our offices in South Africa, Australia and United Kingdom), Mr. Jeffery Shlakman (president - merchandising and product development), Mr. Matthew Fortgang (president – sales, Fabrikant-Tara International LLC) and Mr. Stuart Marcus, (vice president - sales, Fabrikant-Tara International LLC).

Strong sales and marketing network

We have three overseas sales and marketing offices; one each in major continents for our products namely, Europe, Australia and USA. Our marketing teams maintain an ongoing relationship with our international customers. They also regularly solicit prospective customers by providing them with the structured findings and updated catalogues. Our marketing initiatives include participation in international trade fairs and jewellery exhibitions, corporate advertisements in print medium domestically and across electronic mediums. Further, we are associated with various marketing agencies namely, Grandmother India, BCWebwise, Blank slate, Fitch, Concept Communications and Perfect Relations to ensure that our marketing tools remain effective.

In addition to our sales to international customers, we reach our retail customers, through national chains, television, internet, departmental stores, hypermarkets, small chain jewellers, independents and catalogue jewellers. We actively consult external agencies on optimum utilization of marketing spends by using appropriate media vehicle for reaching out to our retail customers.

Business strategies

Expand our retail operations with focus on market expansion

We believe mid-income segment of India's retail jewellery market is largely untapped by organized jewellery companies and see it as a key long-term driver of growth for an integrated large scale 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 ratio of spending to earning is higher in such cities compared to metro cities. We entered retail business in October 2008 and, as on November 30, 2011, we have 29 Existing Stores across India. We are initially targeting west India, central India and NCR regions for opening our retail stores, since our manufacturing facilities are situated in Mumbai. Further, we are also looking at joint venture opportunities to tie-up with designer boutiques to foray into high-end retail jewellery segment.

We believe the critical issues affecting profitability of retail jewellery sector in India are the retail store formats, presentation of products and inventory management. We believe that showcasing excess designs with low differentiation confuses customers and adds significantly to inventory cost. We have developed smart retail store formats with an average area of approximately 1,000 square feet, displaying approximately 650 stock keeping units (SKUs). We believe these format retail stores would help us in maintaining inventory of approximately Rs. 25.00 million. We have appointed global retail development agency Fitch to further develop our retail store concepts and retail identity.

All our retail stores are based on the "company operated" model, which we believe will ensure higher control, better consumer service and higher margins.

Strategic marketing tools to create brand differentiation for retail business

Historically, purchase of diamond jewellery in India has suffered from significant perception barriers. For example, diamond jewellery purchase is considered to be an expensive affair and often requires knowledge about stones and metals, which is complex. We believe the apprehensions of a retail customer can be addressed by educating customers about diamond jewellery. We consider retail stores as a platform to impart basic knowledge about diamond jewellery. We intend to involve customers in various customer education programs through partner organizations like GIA, India at our retail stores.

We have undertaken to make the diamond jewellery purchase process transparent by hiring experienced and trained jewellery consultants demonstrating diamond jewellery expertise, providing complete break-up of the jewellery purchases, and introducing 100% buyback and exchange programs. We believe these measures coupled with customer education programs will boost customer's confidence resulting in higher sales. In addition, we are also engaged in creating brand awareness through print, audio, video and electronic media. We have also appointed advertising and public relations agencies including Contract, Blank Slate, and Perfect Relations to develop appropriate communication for the retail consumer.

We believe educating customers about diamond 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 helps us in creating brand differentiation for our products.

Continue to strengthen our relationship with major customers

We believe our major customers have contributed significantly in the growth of our business. In order to strengthen our relationship with such customers, from time to time we introduce schemes beneficial to their business. Recently, we have recognized the need of our customers to replace jewellery every season with limited amount of investment. As jewellery business is seasonal in nature, for each season new designs of jewellery are introduced. However, at the end of each season our customers are left with certain amount of jewellery, which gradually converts into slow moving jewellery. We believe the slow moving jewellery is a major block for our customers in replacing the jewellery frequently.

Since our manufacturing centres are located in low cost zones, we believe we can expand our export offerings by leveraging upon our capability to recreate new designs of jewellery from slow moving jewellery. We have the capability to merchandizing fresh new designs using the gold and diamonds of slow moving jewellery, to create new jewellery. The new jewellery would result in generating fresh income stream for our customers by unlocking the value of slow moving jewellery. We believe recreating the jewellery for our customers would strengthen our relationship with our customers and at the same time provide insight to the trends prevalent in such markets. Additionally, recreating the jewellery would grant us the market acceptance of our products and visibility of our brands. Recently, we have recreated the slow moving jewellery of Rs. 94.36 million for one of our customers.

Continue to focus on exports for our wholesale business

Our primary wholesale marketing focus has been on export operations where we have sold high volumes directly to certain key customers including Walmart. We are also suppliers to the jewellery chains including Christ Uhrean & Schmuck. We wish to continue leveraging our position as one of the highest exporter of studded jewellery from our units situated at SEEPZ, to further penetrate in our existing markets by expanding our customer base and to enter new geographies.

We intend to expand our customer base in the existing geographies by targeting 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 Australia, China, Canada, European Union, South Africa, UAE, UK and USA. We intend to enter select new markets such as South and Central America for which we are intending to set up a manufacturing facility at Honduras, Central America.

Increased production capacity

Currently, we have four manufacturing units, of which one is located in Panyu, China, two units are located in SEEPZ and one in MIDC areas of Mumbai, India. During the three months period ended June 30, 2011, Fiscal 2011, 2010 and 2009, we achieved an aggregate production of 508.31 kgs, 4,753.25 kgs, 2,562.91 kgs and 1,551.50 kgs, respectively, of jewellery from our manufacturing units. We believe our in-house manufacturing would help us continue to be competitive in our export as well as retail operations, and our goal is to increase our manufacturing capabilities so as to meet a substantial portion of our total sales.

To continue achieving our sales targets, we intend to enhance our production capacities by installing a new manufacturing facility. Looking at the growing international demand for jewellery products, especially in USA, we intend to set-up the manufacturing unit at Honduras, Central America.

Pursue strategic acquisitions in India

In order to expand our operations, we intend to pursue selective strategic acquisitions and joint venture opportunities to augment our capabilities and increase our geographical retail presence. We are identifying targets which are based in regions with growth opportunities, high entry level barriers and distinct operating environment.

We believe the resources and capabilities of such targets are likely to provide in-roads to such regions and offer opportunities for new designs and product offerings. Our potential targets are companies involved in the retail jewellery sector and whose operations can be scaled up by leveraging our expertise.

THE ISSUE

The following table summarizes the Issue details:

Public Issue aggregating up to Rs. 2,200 million^	[●] Equity Shares
Fresh Issue of up to [•] Equity Shares, aggregating up to Rs. 1,500 million	
Offer for Sale of up to [•] Equity Shares, aggregating up to Rs. 700 million(1)	
Employee Reservation Portion(2) **Therefore,**	[●] Equity Shares**
Net Issue	[●]
Of which:	
QIB Portion(2)(3)	Not more than [●] Equity Shares*
Of which:	
Anchor Investor Portion	Not more than [●] Equity Shares**
Net QIB Portion	Not more than [●] Equity Shares*
Of which:	
Mutual Fund Portion	[●] Equity Shares*
Balance for all QIBs including Mutual Funds	[●] Equity Shares*
Non-Institutional Portion(2)	Not less than [●] Equity Shares*
Retail Portion(2)	Not less than [●] Equity Shares*
Pre and post-Issue Equity Shares	
Equity Shares outstanding prior to the Issue	18,000,000 Equity Shares
Equity Shares outstanding after the Issue	[●] Equity Shares
Use of proceeds of this Issue	See section titled "*Objects of the Issue*" on page 77. Our Company will not receive any proceeds from the Offer for Sale.

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^ *Our Company is exploring the possibility of a Pre-IPO Placement. The Pre-IPO Placement will be at the discretion of our Company. Our Company intends to complete the issuance/transfer of Equity Shares pursuant to the Pre-IPO Placement, if any, prior to filing the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares issued and transferred pursuant to the Pre-IPO Placement will be proportionately reduced from the Fresh Issue, subject to the Net Issue being at least 25% of the fully diluted post-Issue paid up capital of our Company.*

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

** *Our Company and the Selling Shareholder may, in consultation with the BRLMs, allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis at the Anchor Investor Allocation Price, out of which at least one-third will be available for allocation to domestic Mutual Funds only. For further details, see section titled "Issue Procedure" on page 331. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion.*

(1) The Issue comprises an Offer for Sale of up to [•] Equity Shares aggregating up to Rs. 700 million by the Selling Shareholder. The Selling Shareholder has obtained approval for the Offer for Sale pursuant to its board resolution dated December 19, 2011. The Selling Shareholder is offering up to [•] Equity Shares, which have been held for a period of at least one year prior to the date of filing of the DRHP and, hence, are eligible for being offered for sale in the Issue.

(2) Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the QIB Portion, Non-Institutional Portion, and Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company,

in consultation with the BRLMs and the Designated Stock Exchange. Under-subscription, if any, in the Employee Reservation Portion will be added to the Net Issue. In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted to the Employee Reservation Portion subject to the Net Issue constituting at least 25% of the fully diluted post-Issue paid up capital of our Company.

(3) 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. In the event that the demand from Mutual Funds 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. However, in the event of under-subscription in the Mutual Fund Portion, the balance Equity Shares in the Mutual Fund Portion will be added to the Net QIB Portion and allocated to QIBs (including Mutual Funds) on a proportionate basis, subject to valid Bids at or above Issue Price.

SUMMARY FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our consolidated and unconsolidated audited financial statements as restated for the three months ended June 30, 2011, Fiscal 2011, 2010, 2009, 2008 and 2007. These financial statements have been prepared in accordance with the Indian GAAP and the Companies Act, and restated in accordance with the SEBI Regulations and are presented in "*Financial Statements*" on page 163. The summary financial information presented below should be read in conjunction with our restated financial statements, the notes and annexures beginning on page 164.

UNCONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. In Million)

Sr. No.	Particulars	As at June 30,2011	As at March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
A	**Fixed Assets**						
	Tangible Assets						
	Gross Block	1,142.47	1,107.38	940.84	769.00	384.65	337.28
	Less: Accumulated Depreciation	482.99	455.11	357.34	261.70	118.63	94.11
	Net Block (i)	659.48	652.27	583.50	507.30	266.02	243.17
	Intangible Assets						
	Gross Block	52.69	49.12	49.26	46.11	12.04	2.61
	Less: Accumulated Depreciation / Amortisation	34.33	32.33	24.63	14.17	4.48	1.95
	Net Block (ii)	18.36	16.79	24.63	31.94	7.56	0.66
	Capital Work-in-progress (iii)	18.54	18.61	-	-	-	-
	Total (A=i+ii+iii)	**696.38**	**687.67**	**608.13**	**539.24**	**273.58**	**243.83**
B	**Investments**	**49.89**	**49.02**	**7.52**	**7.47**	**24.72**	**23.22**
C	**Current Assets, Loans and Advances**						
	Inventories	4,728.98	3,903.20	2,879.92	2,737.83	1,595.29	1,114.51
	Sundry Debtors	1,875.41	2,354.99	1,200.46	2,259.16	1,435.81	1,282.62
	Cash and Bank Balances	159.97	234.53	248.45	217.34	85.69	67.17
	Loans and Advances	105.83	139.80	155.63	164.25	60.30	47.48
	Total (C)	**6,870.19**	**6,632.52**	**4,484.46**	**5,378.58**	**3,177.09**	**2,511.78**
D	**Total Assets (A+B+C)**	**7,616.46**	**7,369.21**	**5,100.11**	**5,925.29**	**3,475.39**	**2,778.83**
E	**Liabilities and Provisions**						
	Secured Loans	1,784.57	1,930.91	1,455.87	1,895.77	956.18	778.64
	Unsecured Loans	77.40	77.40	77.44	77.44	-	-
	Deferred Tax Liabilities (Net)	9.42	10.67	13.94	17.92	5.38	4.83
	Current Liabilities	3,462.52	3,144.20	1,741.88	2,370.28	1,645.42	1,344.21
	Provisions	26.51	24.81	18.20	16.15	11.12	8.58
	Total (E)	**5,360.42**	**5,187.99**	**3,307.33**	**4,377.56**	**2,618.10**	**2,136.26**
F	**Net Worth (D-E)**	**2,256.04**	**2,181.22**	**1,792.78**	**1,547.73**	**857.29**	**642.57**
	Net Worth Represented by:						
G	Share Capital	180.00	180.00	118.47	118.47	88.60	88.60
	Reserves and Surplus:						
	(a) Share Premium	305.79	305.79	365.03	365.03	218.80	218.80
	(b) General Reserve	88.00	88.00	88.00	88.00	2.50	2.50
	(c) Employee Stock Outstanding	20.80	20.80	-	-	-	-
	(d) SEZ Reinvestment Allowance Reserve	241.96	217.62	-	-	-	-
	(e) Surplus as per Profit and Loss Account	1,453.94	1,400.90	1,221.28	976.23	547.67	333.23
H	Miscellaneous Expenditure to the extent not written off or adjusted	(34.45)	(31.89)	-	-	(0.28)	(0.56)
I	**Net Worth**	**2,256.04**	**2,181.22**	**1,792.78**	**1,547.73**	**857.29**	**642.57**

Note :

1. The above statement should be read with Significant Accounting Policies as in Annexure 4 and Notes on Restatements and Changes to Significant Accounting Policies as in Annexure 5.

2. Details of bonus shares

Particulars	As at June 30,2011	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
Number of bonus shares issued for consideration other than cash included in the share capital	8,423,707	8,423,707	2,500,000	2,500,000	2,500,000	2,500,000

UNCONSOLIDATED SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rs. In Million)

Sr. No.	Particulars	Period Ended June 30, 2011	Year Ended March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
A	**Income**						
	Sales						
	- Of Products Manufactured by the Company	1,066.93	5,500.09	5,319.83	4,211.64	3,713.90	3,689.33
	- Of Products Traded by the Company	2,312.78	5,402.17	2,539.72	3,247.22	2,402.09	2,603.18
		3,379.71	10,902.26	7,859.55	7,458.86	6,115.99	6,292.51
	Other Income	2.62	13.28	17.45	17.81	2.78	1.77
	Total Income	**3,382.33**	**10,915.54**	**7,877.00**	**7,476.67**	**6,118.77**	**6,294.28**
B	**Expenditure**						
	Cost of Materials	3,746.59	10,084.17	6,649.94	6,502.32	5,635.29	6,102.90
	(Increase) / Decrease in Inventories	(825.78)	(1,023.28)	(142.09)	(222.12)	(480.78)	(546.19)
	Manufacturing Expenses	79.98	314.25	251.92	256.64	173.63	103.43
	Employees' Remuneration and Benefits	85.85	289.56	174.14	176.35	138.61	108.43
	Selling, Administration and Other Expenses	78.77	318.65	289.52	221.65	230.71	144.32
	Finance Expenses	81.99	303.92	248.51	358.34	168.89	112.39
	Depreciation and Amortisation	29.88	118.06	107.18	62.63	31.11	26.90
	Total Expenditure	**3,277.28**	**10,405.33**	**7,579.12**	**7,355.81**	**5,897.46**	**6,052.18**
C	**Net Profit Before Tax, Exceptional items (A-B)**	**105.05**	**510.21**	**297.88**	**120.86**	**221.31**	**242.10**
	Exceptional Items	-	-	-	(9.01)	-	-
D	**Net Profit Before Tax, as Restated**	**105.05**	**510.21**	**297.88**	**111.85**	**221.31**	**242.10**
	Provision For Taxation:						
	- Current Tax	25.42	106.00	52.00	14.00	26.00	0.70
	- Minimum Alternative Tax (MAT) Credit Utilised/ (Availed)	3.50	10.24	4.81	4.55	(22.48)	(0.03)
	- Short / (Excess) Provision for Tax in Earlier Years	-	-	-	0.73	-	(0.10)
	- MAT Credit Availed of Amalgamating Companies	-	-	-	(0.59)	-	-
	- Deferred Tax	(1.25)	(3.27)	(3.98)	6.93	0.55	1.61
	- Fringe Benefit Tax	-	-	-	2.90	2.80	2.80
	Total Tax Expense	**27.67**	**112.97**	**52.83**	**28.52**	**6.87**	**4.98**
E	**Net Profit, as Restated**	**77.38**	**397.24**	**245.05**	**83.33**	**214.44**	**237.12**
	Balance Brought Forward, as restated	1,400.90	1,221.28	976.23	547.67	333.23	96.11
	Balance Brought Forward of Amalgamating Companies	-	-	-	345.23	-	-
F	**Profit Available for Appropriations, as Restated**	**1,478.28**	**1,618.52**	**1,221.28**	**976.23**	**547.67**	**333.23**
	Appropriations:						
	Capitalisation of Reserve by issue of Bonus Shares	-	-	-	-	-	-
	Transfer to SEZ Reinvestment Allowance Reserve	(24.34)	(217.62)	-	-	-	-
	Transfer to General Reserve	-	-	-	-	-	-
G	**Balance Carried Forward, As Restated**	**1,453.94**	**1,400.90**	**1,221.28**	**976.23**	**547.67**	**333.23**

Note:

1. The above statement should be read with Significant Accounting Policies as in Annexure 4 and Notes on Restatements and Changes to Significant Accounting Policies as in Annexure 5.

UNCONSOLIDATED STATEMENT OF CASH FLOWS, AS RESTATED

(Rs. In Million)

		Period Ended	Year Ended				
		June 30, 2011	**March 31, 2011**	**March 31, 2010**	**March 31, 2009**	**March 31, 2008**	**March 31, 2007**
Cash Flow From Operating Activities							
Net Profit Before Tax and Exceptional Items		**105.05**	**510.21**	**297.88**	**120.86**	**221.31**	**242.10**
Adjustments for:							
Depreciation/ Goodwill Amortisation		29.88	118.06	107.18	62.63	31.11	26.90
Loss/ (Profit) on Sale of Fixed Assets		-	1.98	0.10	(0.95)	0.71	0.13
Fixed Asset W/off		-	0.48	-	-	-	-
Loss/ (Profit) on Sale of Investments		0.13	(0.13)	-	(2.26)	-	-
Investments Written Off		-	-	0.45	-	-	-
Rent Income		(0.15)	(0.60)	(0.60)	(0.60)	-	-
Dividend Income		-	(0.03)	(0.05)	(0.03)	-	-
Interest Income		(1.93)	(11.39)	(15.13)	(12.02)	(2.78)	(1.42)
Interest Paid		76.69	263.63	195.60	299.56	138.10	83.72
Employee Stock options granted		-	20.80	-	-	-	-
Preliminary Expenses Written Off		-	-	-	0.28	0.28	0.28
Sundry Balances Written Off / (Back)		0.05	0.81	9.21	(0.49)	0.61	(0.35)
Operating Profit Before Working Capital Adjustment		**209.72**	**903.82**	**594.64**	**466.98**	**389.34**	**351.36**
Adjustment for Changes in Working Capital:							
Trade and Other Receivables		485.30	(1,192.14)	1,048.89	579.63	(145.77)	(790.47)
Inventories		(825.78)	(1,023.28)	(142.09)	(222.12)	(480.78)	(546.19)
Current Liabilities and Provisions		326.18	1,396.16	(626.35)	(42.68)	303.74	718.09
Cash Flow Generated from Operations		**195.42**	**84.56**	**875.09**	**781.81**	**66.53**	**(267.21)**
Income Tax and Fringe Benefit Tax Paid		0.72	63.62	47.22	16.03	27.17	3.27
Net Cash Flow from Operating Activities	(A)	**194.70**	**20.94**	**827.87**	**765.78**	**39.36**	**(270.48)**
Cash Flow From Investing Activities							
Purchase of Fixed Assets		(40.67)	(199.76)	(176.84)	(124.36)	(64.95)	(31.29)
Purchase of Investments		(1.51)	(42.00)	(0.50)	-	(1.50)	-
Sale of Investments		0.51	0.63	-	2.79	-	-
Sale Proceeds of Fixed Assets		-	5.47	0.66	23.12	3.39	0.39
Rent Received		0.15	0.60	0.60	0.60	-	-
Dividend Received		-	0.03	0.05	0.03	-	-
Interest Received		1.93	11.39	14.77	12.02	2.78	1.42
Net Cash Flow from Investing Activities	(B)	**(39.59)**	**(223.64)**	**(161.26)**	**(85.80)**	**(60.28)**	**(29.48)**
Cash Flow From Financing Activities							
Proceeds from/ (Repayment of) Borrowing - Secured Loan		(146.34)	475.04	(439.90)	(287.15)	177.54	395.37
Proceeds from/ (Repayment of) Borrowing - Unsecured Loan		-	(0.04)	-	(32.15)	-	-
Proceeds from issue of Equity Shares		-	2.29	-	-	-	-
Share Issue expenses		(2.56)	(31.89)	-	-	-	-
Interest Paid		(80.77)	(256.62)	(195.60)	(299.56)	(138.10)	(83.72)
Net Cash Flow From Financing Activities	(C)	**(229.67)**	**188.78**	**(635.50)**	**(618.86)**	**39.44**	**311.65**
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)		**(74.56)**	**(13.92)**	**31.11**	**61.12**	**18.52**	**11.69**
Cash & Cash Equivalent at the beginning of the year		234.53	248.45	217.34	85.69	67.17	55.48
Cash & Cash Equivalent taken over on at April 1, 2008 (Refer Note 3 below)		-	-	-	70.53	-	-
Cash & Cash Equivalent at the end of the year		159.97	234.53	248.45	217.34	85.69	67.17

		Period Ended	Year Ended				
		June 30, 2011	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
	Net Increase in Cash and Cash Equivalent	**(74.56)**	**(13.92)**	**31.11**	**61.12**	**18.52**	**11.69**

Note:-

1 The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard - 3 on Cash Flow Statements.

2 Figures in Brackets represents outflow.

3 Cash and Cash Equivalents of Rs. 70.53 million of erstwhile T Two International Private Limited and Tara Jewels Exports Private Limited have been added on amalgamation. (Refer Note 5(b)(iii) in Annexure 5)

4 The above statement should be read with Significant Accounting Policies as in Annexure 4 and Notes on Restatements and Changes to Significant Accounting Policies as in Annexure 5.

CONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. in Million)

Sr. No.	Particulars	As at June 30, 2011	As at March 31, 2011	March 31,2010	March 31, 2009
A	**Fixed Assets**				
	Tangible Fixed Assets				
	Gross Block	1,196.79	1,160.51	955.43	782.97
	Less: Accumulated Depreciation	494.00	464.27	361.51	263.97
	Net Block (i)	702.79	696.24	593.92	519.00
	Intangible Fixed Assets				
	Gross Block	59.92	56.35	55.67	51.37
	Less: Accumulated Depreciation / Amortisation	39.43	37.26	28.83	17.56
	Net Block (ii)	20.49	19.09	26.84	33.81
	Capital Work-in-progress (iii)	18.54	18.61	-	-
	Total (A=i+ii+iii)	**741.82**	**733.94**	**620.76**	**552.81**
B	**Investments**	**20.36**	**19.49**	**2.86**	**2.36**
C	**Current Assets, Loans and Advances**				
	Inventories	5,227.65	4,342.77	3,076.86	3,393.40
	Sundry Debtors	2,340.50	2,818.99	1,559.83	2,281.81
	Cash and Bank Balances	193.11	272.93	260.55	267.62
	Loans and Advances	110.20	138.25	160.97	189.28
	Total (C)	**7,871.46**	**7,572.94**	**5,058.21**	**6,132.11**
D	**Total Assets (A+B+C)**	**8,633.64**	**8,326.37**	**5,681.83**	**6,687.28**
E	**Minority Interest**	**18.00**	**17.32**	**11.68**	**7.55**
F	**Liabilities and Provisions**				
	Secured Loans	2,267.39	2,322.34	1,725.27	2,270.95
	Unsecured Loans	103.16	103.39	77.44	77.44
	Deferred Tax Liabilities (Net)	8.63	9.87	14.26	17.90
	Current Liabilities	3,940.73	3,650.86	2,042.38	2,745.81
	Provisions	26.51	24.80	18.20	16.15
	Total (F)	**6,346.42**	**6,111.26**	**3,877.55**	**5,128.25**
G	**Net Worth (D-E-F)**	**2,269.22**	**2,197.79**	**1,792.60**	**1,551.48**
	Net Worth Represented by:				
H	Share Capital	180.00	180.00	118.47	118.47
I	Reserves and Surplus				
	(a) Securities Premium	305.79	305.79	365.03	365.03
	(b) SEZ Reinvestment Allowance Reserve	241.96	217.62	-	-
	(c) Employees Option Outstanding	20.80	20.80	-	-
	(d) General Reserve	88.00	88.00	88.00	88.00
	(e) Surplus as per Profit and Loss Account	1,458.62	1,408.85	1,218.16	977.04
	(f) Capital Reserve**	8.62	8.62	2.94	2.94
J	Miscellaneous Expenditure to the extent not written off or adjusted	(34.57)	(31.89)	-	-
K	**G. Net Worth (H+I+J)**	**2,269.22**	**2,197.79**	**1,792.60**	**1,551.48**

** Capital Reserve represent reserve arising on Consolidation as per Accounting Standard 21 -"Consolidated Financial Statements" as Prescribed by Companies (Accounting Standard) Rules,2006

Note:

1. The above statement should be read with Significant Accounting Policies as in Annexure 4 and Notes on Restatements and Changes to Significant Accounting Policies as in Annexure 5.

2. Details of bonus shares

Particulars	**As at**	**As at**		
	June 30,2011	**March 31, 2011**	**March 31, 2010**	**March 31, 2009**
Number of bonus shares issued for consideration other than cash included in the share capital	8,423,707	8,423,707	2,500,000	2,500,000

CONSOLIDATED SUMMARY STATEMENT OF PROFIT AND LOSSES, AS RESTATED

(Rs. in Million)

Sr. No.	Particulars	Period Ended June 30, 2011	Year Ended March 31, 2011	Year Ended March 31, 2010	Year Ended March 31, 2009
A	**Income**				
	Sales				
	- Of Products Manufactured by the Company	1,087.87	5,882.81	5,525.71	4,550.24
	- Of Products Traded by the Company	2,412.72	5,511.24	2,615.88	3,429.55
		3,500.59	11,394.05	8,141.59	7,979.79
	Other Income	3.13	14.09	17.93	19.08
	Total Income	**3,503.72**	**11,408.14**	**8,159.52**	**7,998.87**
B	**Expenditure**				
	Cost of Materials	3,850.00	10,416.13	6,296.94	6,845.72
	(Increase)/ Decrease in Inventories	(884.88)	(1,153.24)	316.54	(281.80)
	Manufacturing Expenses	105.17	389.27	252.08	257.09
	Employees' Remuneration and Benefits	104.81	359.46	239.88	261.68
	Selling, Administration and Other Expenses	104.05	411.72	368.04	342.61
	Finance Expenses	89.74	325.39	272.76	375.72
	Depreciation and Amortisation	31.91	123.79	109.88	65.97
	Total Expenditure	**3,400.80**	**10,872.52**	**7,856.12**	**7,866.99**
C	**Net Profit Before Tax and Exceptional items (A-B)**	**102.92**	**535.62**	**303.40**	**131.88**
	Exceptional Items	-	-	-	(9.01)
D	**Net Profit Before Tax, as Restated**	**102.92**	**535.62**	**303.40**	**122.87**
	Provision For Taxation:				
	- Current Tax	25.87	115.81	56.98	14.24
	- Minimum Alternative Tax Credit Utilised	3.50	10.25	4.81	4.55
	- Short / (Excess) Provision for Tax in Earlier Years	-	-	-	0.73
	- MAT Credit Availed of Amalgamating Companies	-	-	-	(0.59)
	- Deferred Tax	(1.24)	(4.39)	(3.64)	11.06
	- Fringe Benefit Tax	-	-	-	2.90
	Total Tax Expense	**28.13**	**121.67**	**58.15**	**32.89**
E	**Net Profit After Tax Before Minority Interest, as Restated**	**74.79**	**413.95**	**245.25**	**89.99**
	Less : Minority Interest	(0.68)	(5.64)	(4.13)	(5.40)
F	**Net Profit After Tax After Minority Interest, as Restated**	**74.11**	**408.31**	**241.12**	**84.59**
	Balance Brought Forward, as restated	1,408.85	1,218.16	977.04	547.22
	Balance Brought Forward of Amalgamating Companies	-	-	-	345.23
	Less : Transfer to SEZ Reinvestment Allowance Reserve	(24.34)	(217.62)	-	-
G	**Balance Carried Forward, As Restated**	**1,458.62**	**1,408.85**	**1,218.16**	**977.04**

Note:
1. The above statement should be read with Significant Accounting Policies as in Annexure 4 and Notes on Restatements and Changes to Significant Accounting Policies as in Annexure 5.

CONSOLIDATED STATEMENT OF CASH FLOWS, AS RESTATED

			Period Ended June 30, 2011	Year Ended March 31, 2011	Year Ended March 31, 2010	Year Ended March 31, 2009
A.	**Cash Flow From Operating Activities**					
	Net Profit Before Tax and Minority Interest		**102.92**	**535.62**	**303.40**	**122.87**
	Adjustments for:					
	Depreciation / Goodwill Amortisation		31.91	123.79	109.88	65.97
	Loss/ (Profit) on Sale of Fixed Assets		-	1.98	0.10	13.32
	Fixed Asset W/off		-	0.48	-	-
	Provision for Doubtful Debts		-	-	(0.15)	1.27
	Loss / (Profit) on Sale of Investments		0.12	(0.13)	-	(2.26)
	Rent Income		(0.15)	(0.60)	(0.60)	(0.60)
	Dividend Income		-	(0.03)	(0.05)	(0.03)
	Interest Income		(1.99)	(11.64)	(15.61)	(12.26)
	Interest Paid		82.92	278.69	215.48	316.42
	Employee Stock Options granted		-	20.80	-	-
	Preliminary Expenses Written Off		-	-	-	0.28
	Sundry Balances Written Off / (Back)		0.04	(0.06)	9.21	(0.49)
	Operating Profit Before Working Capital Adjustment		**215.77**	**948.90**	**621.66**	**504.49**
	Adjustment for Changes in Working Capital:					
	Trade and Other Receivables		502.99	(658.32)	723.39	1,329.40
	Inventories		(884.88)	(1,153.24)	316.54	(281.80)
	Current Liabilities and Provisions		276.59	858.76	(701.38)	(729.19)
	Cash Flow Generated from Operations		**110.47**	**(3.90)**	**960.21**	**822.90**
	Income Tax and Fringe Benefit Tax Paid		4.72	69.61	43.58	22.66
	Net Cash Flow from Operating Activities	(A)	**105.75**	**(73.51)**	**916.63**	**800.24**
B.	**Cash Flow From Investing Activities**					
	Purchase of Fixed Assets		(41.87)	(202.67)	(178.60)	(134.17)
	Purchase of Investments		(1.51)	(17.13)	(0.50)	-
	Purchase consideration paid for acquisition of interest in subsidiary			(24.87)	-	-
	Sale of Investments		0.51	0.63	-	2.79
	Sale Proceeds of Fixed Assets		-	5.47	0.66	23.12
	Rent Received		0.15	0.60	0.60	0.60
	Dividend Received		-	0.03	0.05	0.03
	Interest Received		1.99	11.64	15.25	12.26
	Net Cash Flow from Investing Activities	(B)	**(40.73)**	**(226.30)**	**(162.54)**	**(95.37)**
C.	**Cash Flow From Financing Activities**					
	Proceeds from/ (Repayment of) Borrowing - Secured Loan		(54.94)	597.07	(545.68)	(266.37)
	Proceeds from/ (Repayment of) Borrowing - Unsecured Loan		(0.23)	(5.74)	-	(32.15)
	Proceeds from issue of Equity Share		-	2.29	-	-
	Minority Interest Contribution		-	-*	-	-
	Preliminary Expenses		(0.12)	-	-	-
	Share Issue expenses		(2.56)	(31.89)	-	-
	Interest Paid		(86.99)	(271.68)	(215.48)	(316.42)
	Net Cash Flow From Financing Activities	(C)	**(144.84)**	**290.05**	**(761.16)**	**(614.94)**
	Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)		**(79.82)**	**(9.76)**	**(7.07)**	**89.93**
	Cash & Cash Equivalent at the beginning of the year		272.93	260.55	267.62	107.16
	Cash & Bank Balance Acquired on Acquisition of Subsidiaries on September 16, 2010 (Refer Note 3 below)		-	22.14	-	-
	Cash & Cash Equivalent taken over on at April 1, 2008 (Refer Note 4 below)		-	-	-	70.53
	Cash & Cash Equivalent at the end of the year		193.11	272.93	260.55	267.62
	Net Increase in Cash and Cash Equivalent		**(79.82)**	**(9.76)**	**(7.07)**	**89.93**

*Less than Rupees One Thousand

Note:-

1 The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard - 3 on Cash Flow Statements.
2 Figures in Brackets represents outflow.
3 Cash and Cash Equivalents of Rs. 22.14 million of Tara (Hong Kong) Limited have been added on acquisition. (Refer Note 4(b) in Annexure 5)
4 Cash and Cash Equivalents of Rs. 70.53 million of erstwhile T Two International Private Limited and Tara Jewels Exports Private Limited have been added on amalgamation.
5 The above statement should be read with Significant Accounting Policies as in Annexure 4 and Notes on Restatements and Changes to Significant Accounting Policies as in Annexure 5.

GENERAL INFORMATION

Our Company was incorporated under the Companies Act on March 16, 2001 in Mumbai, Maharashtra. For further details, see section titled "*History and Certain Corporate Matters*" on page 126.

Registered Office

Our registered office is located at Plot No. 122, 15th Road, near IDBI Bank, MIDC, Andheri (East) Mumbai – 400 093. For details relating to changes in our registered office, see section titled "*History and Corporate Structure-Changes in Registered Office*" on page 127.

Registration Number: 11-131252

Corporate Identity Number: U52393MH2001PLC131252

Address of the RoC

The RoC is located at the following address:

The Registrar of Companies, Mumbai
100, Everest
Marine Drive
Mumbai – 400 002
India
Phone: +91 22 2281 2639
Facsimile: +91 22 228 11977
Email: roc.mumbai@mca.gov.in

Board of Directors

Our Board comprises the following:

Name, Designation and Occupation	Age (years)	DIN	Address
Mr. Rajeev Sheth *Chairman and Managing Director* *Occupation: Business*	53	00266460	3, Villa Ramona 37/A Napeansea Road Mumbai 400 036 Maharashtra - India
Ms. Alpana Deo *Joint Managing Director* *Occupation: Business*	37	00266523	Flat No. 60 Apratim Royal Palms Bungalow Aarey Milk Colony Goregaon (East) Mumbai 400 064 Maharashtra - India
Ms. Aarti Sheth *Director* *Occupation : Business*	27	00737920	3, Villa Ramona 37/A Napeansea Road Mumbai 400 036 Maharashtra - India
Ms. Nalini Rajan *Director, Finance* *Occupation: Business*	47	02922199	A/6-3 Shree Ram Nagar S.V Road, Andheri (West) Mumbai 400 058 Maharashtra - India
Mr. Vikram Raizada *Director, Marketing, Retail and Business Development* *Occupation : Business*	45	03196436	6 Loral Reef, 55 Chimbai Road Bandra (West) Mumbai 400 050 Maharashtra - India
Mr. Rajiv Lochan Jain *Director*	60	00161022	402 Aralias DLF Golf Links DLF City Phase 5

Name, Designation and Occupation	Age (years)	DIN	Address
Occupation: *Business*			Gurgaon 122 009 Haryana - India
Mr. Shanti Saroop Khindria *Director* *Occupation*: *Professional*	57	03271292	2 Parsons Green Lane, Fulham London – SW64HS NA United Kingdom
Mr. Rakesh Kalra *Director* *Occupation*: *Service*	62	00780354	603, Spring Hills Hiranandani Estate Ghodbunder Road Thane (West) Mumbai 400 607 Maharashtra - India
Ms. Fern Mallis *Director* *Occupation*: *Consultant*	63	03270532	40 East 68 Street 5B New York, NY 10021 United States of America
Mr. Nikkhil Vaidya *Director* *Occupation*: *Professional*	52	02942549	506, Vivek Ekta-Vivek CHS Limited Off Link Road I C Colony Extension Dahisar (West) Mumbai 400 068 Maharashtra - India

For further details and profile of our Directors, see section titled "*Our Management*" on page 136.

Company Secretary and Compliance Officer

Our Company Secretary and Compliance Officer is Mr. Amol Raje.

His contact details are as follows:

Mr. Amol Raje
Plot No. 29(P) & 30(P), Sub Plot A
SEEPZ, SEZ
Andheri (East)
Mumbai - 400 096
India
Telephone: +91 22 667 74461
Facsimile: +91 22 6677 4464
E-mail: investor.care@tarajewels.co.in

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

All grievances relating to ASBA may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA Account number and the Designated Branch of the SCSB or the Syndicate Members, at Syndicate ASBA Bidding Locations, where the Bid cum Application Form was submitted.

For all Issue related queries and for redressal of complaints, Bidders may also write to the BRLMs. All complaints, queries or comments received by SEBI shall be forwarded to the BRLMs, who shall respond to the same.

Book Running Lead Managers	
Enam Securities Private Limited	**ICICI Securities Limited**

801/802, Dalamal Towers Nariman Point Mumbai - 400 021 India Telephone: + 91 22 6638 1800 Facsimile : +91 22 2284 6824 Email id: tara.ipo@enam.com Website: www.enam.com Investor Grievance id: complaints@enam.com Contact Person: Mr. Harish Lodha SEBI Registration Number: INM000006856[(1)]	ICICI Centre, H.T. Parekh Marg Churchgate Mumbai – 400 020 India Telephone: +91 22 2288 2460 Facsimile: +91 22 2282 6580 Email: tara.ipo@icicisecurities.com Website: www.icicisecurities.com Investor Grievance E-mail: customercare@icicisecurities.com Contact Person: Mr. Gaurav Goyal / Mr. Ayush Jain SEBI Registration Numbder: INM000011179

(1) *The SEBI registration certificate of Enam as a merchant banker has expired on October 15, 2011. As required under Regulation 9(1) of the SEBI Merchant Bankers Regulations and in compliance with SEBI Circular No. SEBI/MIRSD/DR-2/SRP/Cir-2/2005 dated January 4, 2005, an application dated June 21, 2011 for renewal of the said certificate of registration, in the prescribed manner, was made on June 24, 2011 to SEBI, three months before the expiry of the said certificate of registration. The approval of SEBI in this regard is awaited and no communication has been received from SEBI up till now.*

Syndicate Members
[●]

Legal Counsel to the Issue
Luthra & Luthra Law Offices Indiabulls Finance Centre Tower 2, Unit A2, 20th Floor Elphinstone Road Senapati Bapat Marg Lower Parel Mumbai – 400013 India Telephone: +91 22 6630 3600 Facsimile: +91 22 6630 3700

Registrar to the Issue
Link Intime India Private Limited C- 13, Pannalal Silk Mills Compound L.B.S Marg, Bhandup (West) Mumbai - 400 078 India Tel: +91 22 2596 0320 Fax: +91 22 2596 0329 E-mail: tjl.ipo@linkintime.co.in Website: www.linktime.co.in Investor Grievance E-mail: tjl.ipo@linkintime.co.in Contact Person: Mr. Sanjog Sud SEBI Registration No: INR000004058

Bankers to the Issue/Escrow Collection Banks
[●]

Self Certified Syndicate Banks

The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account in accordance with the SEBI Regulations and a list of which is available on http://www.sebi.gov.in/pmd/scsb.html or at such other website as may be prescribed by SEBI from time to time.

Refund Banker(s)
[●]

Statutory Auditor to our Company
C.B. Chhajed & Co.

DGP House, Ground Floor
88-C. Old Prabhadevi Road
Mumbai – 400 025
India
Telephone: +91 22 4344 5300
Facsimile: +91 22 4344 5344
Email: cbcco@vsnl.com

Bankers to our Company	
State Bank of India SEEPZ Branch, New Bank Building Andheri (East) Mumbai – 400 096 India Telephone: +91 22 2829 0266 Facsimile: +91 22 2829 0266 Email: sbi.03473@sbi.co.in Website: www.statebankofindia.com Contact Person: Mr. V.R Solanki	**ICICI Bank Limited** B-Wing, 3rd Floor NM Joshi Marg, Mafatlal Chambers Lower Parel (East) Mumbai- 400 013 India Telephone: +91 22 3043 7450 Facsimile: +91 22 2301 4780 Email: surbhi.c@icicibank.com Website: www.icicibank.com Contact Person: Ms. Surbhi Chawla
Union Bank of India Unit 007, Block 02, Seepz ++ JVL Road, Andheri (East) Mumbai – 400 096 India Telephone: +91 22 2829 2531 Facsimile: +91 22 2829 2840 Email: cbsseepz@unionbankofindia.com Website: www.unionbankofinda.com Contact Person: Mr. Kailash C. Mahajan	**Axis Bank Limited** 131, Maker Towers "F" 13th Floor, Cuffe Parade Colaba Mumbai – 400 005 India Telephone: +91 22 6707 1519 Facsimile: +91 22 6707 4407 Email: niraj.patil@axisbank.com Website: www.axisbank.com Contact Person: Mr. Niraj Patil
Punjab National Bank OBU, SEZ, SEEPZ Andheri (East) Mumbai – 400 096 India Telephone: +91 22 2829 0682 Facsimile: +91 22 2829 3333 Email: customercare@pnboffshore.com Website: www.pnboffshore.com Contact Person: Mr. Suresh Budhiraja	**State Bank of Patiala** Block No. 1, Gala No. 2 Seepz ++, Andheri (East) Mumbai – 400 096 India Telephone: +91 2829 3001 Facsimile: +91 2829 3003 Email: sbpseepz@rediffmail.com Website: www.sbp.co.in Contact Person: Mr. Bipan Kumar
Bank of India Behind Seepz Service Centre Marol Industrial Area, Andheri (East) Mumbai – 400 096 India Telephone: +91 22 2829 1443 Facsimile: +91 22 2829 1633 Email: boiseepz@vsnl.net Website: www.bankofindia.com Contact Person: Mr. I.M Malik	**ING Vysya Bank Limited** Patel Chambers, Ground Floor Sandhurst bridge, Opera house Mumbai – 400 007 India Telephone: +91 22 2388 9282 Facsimile: +91 22 2382 0959 Email: malatheshame@ingvysyabank.com Website: www.ingvysyabank.com Contact Person: Mr. M.E Malathesha
Yes Bank Limited Nehru Centre, 9th Floor Discovery of India, Dr. A.B Road, Worli Mumbai – 400 018 India Telephone: +91 22 6669 9000 Facsimile: +91 22 6669 9255	**Kotak Mahindra Bank Limited** Dani Corporate Park, 158, CST Road Kalina, SAntacruz (East) Mumbai – 400 098 India Telephone: +91 22 6759 5000 Facsimile: +91 22 6759 5010

Bankers to our Company	
Email: yestouch@yesbank.in Website: www.yesbank.in Contact Person: Mr. Anand Ganesan	Email: bhim.mishra@kotak.com Website: www.kotak.com Contact Person: Mr. Bhim Nath Mishra
IDBI Bank Limited 224-A, Mittal Court "A" Wing, Nariman Point Mumbai – 400 021 India Telephone: +91 22 6658 8100 Facsimile: + 91 22 6658 8111 Email: bhalchandra.paranjape@idbi.com Website: www.idbi.com Contact Person: Mr. Bhalchandra Paranjape	

Statement of inter-se allocation of responsibilities of the Book Running Lead Managers for the Issue

The following table sets forth the distribution of responsibilities and co-ordination for various activities amongst the BRLMs:

Sr. No.	Activities	Responsibility	Coordinator
1.	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, etc.	Enam and I-Sec	Enam
2.	Due diligence of our Company's operations/ management/business plans/legal etc. Drafting and design of the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus. The BRLMs 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 of the same	Enam and I-Sec	Enam
3.	Drafting and approval of all statutory advertisements	Enam and I-Sec	Enam
4.	Drafting and approval of all publicity material other than statutory advertisements as mentioned in (3) above including corporate advertisements, brochures, etc.	Enam and I-Sec	Enam
5.	Appointment of registrar(s), printer(s) and banker(s) to the Issue	Enam and I-Sec	Enam
6.	Appointment of advertising agency	Enam and I-Sec	Enam
7.	Preparation and finalization of the road-show presentation	Enam and I-Sec	Enam
8.	Institutional marketing including; allocation of investors for meetings and finalizing road show schedules	Enam and I-Sec	Enam
9.	Non-Institutional and retail marketing of the Issue, which will cover, inter alia, • Formulating marketing strategies, preparation of publicity budget; • Finalising media and PR strategy; • Finalising centres for holding conferences for brokers etc.; • Finalising collection centres; and • Follow-up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the Issue material	Enam and I-Sec	I-Sec
10.	Pricing and managing the book	Enam and I-Sec	Enam

Sr. No.	Activities	Responsibility	Coordinator
11.	Coordination with Stock Exchanges for book building software, bidding terminals etc.	Enam and I-Sec	I-Sec
12.	Post-issue activities, which shall involve essential follow-up steps including follow-up with bankers to the issue and SCSBs to get quick estimates of collection and advising the issuer about the closure of the issue, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-issue activity such as registrar(s) to the Issue, bankers to the Issue, SCSBs, etc. including responsibility for underwriting arrangements, as applicable.	Enam and I-Sec	I-Sec

IPO Grading Agency
[●]

IPO Grading

This Issue has been graded by [●] and has been assigned the "IPO Grade [●]" indicating [●] fundamentals through its letter dated [●], pursuant to Regulation 26(7) of the SEBI Regulations. The IPO grading is assigned on a five point scale from 1 to 5 wherein an "IPO Grade 5" indicates strong fundamentals and "IPO Grade 1" indicates poor fundamentals. A copy of the report provided by [●], furnishing the rationale for its grading will be annexed to the Red Herring Prospectus to be filed with the RoC and will be made available for inspection at our Registered Office from 10.00 a.m. to 4.00 p.m. on Working Days from the date of the Red Herring Prospectus till the Bid Closing Date.

Rationale for grading by the IPO Grading Agency

[●].

Disclaimer of IPO Grading Agency

[●]

Monitoring Agency

As the Issue size will not exceed Rs. 5,000 million, the appointment of Monitoring Agency would not be required under Regulation 16 of the SEBI Regulations.

Expert Opinion

Except for the report which will be provided by the IPO Grading Agency (a copy of which will be annexed to the Red Herring Prospectus), furnishing the rationale for its grading of this Issue, pursuant to the SEBI Regulations and auditor's reports on the unconsolidated and consolidated restated financial statements and statement of tax benefits by the Auditors, C.B. Chhajed & Co. (a copy of which report and statement of tax benefits has been included in the DRHP), we have not obtained any other expert opinions. For details in relation to experts' consents, please see section titled *"Other Regulatory and Statutory Disclosures – Consents"* at page 316.

Project Appraisal

None of the objects of this Issue have been appraised.

Book Building Process

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

(1) our Company;
(2) the Selling Shareholder;
(3) the BRLMs;
(4) Syndicate Members who are intermediaries registered with SEBI or registered as brokers with the Stock Exchanges and eligible to act as underwriters;
(5) Registrar to the Issue;
(6) Bankers to the Issue/Escrow Collection Banks; and
(7) SCSBs.

This Issue is being made through the Book Building Process, wherein not more than 50% of the Net Issue shall be available for allocation on a proportionate basis to QIBs.

Our Company and the Selling Shareholder may, in consultation with the BRLMs, allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis at the Anchor Investor Allocation Price, out of which at least one-third will be available for allocation to domestic Mutual Funds only. For further details, see section titled "*Issue Procedure*" on page 331. Allocation to Anchor Investors shall be on a discretionary basis subject to minimum number of two Anchor Investors. An Anchor Investor shall make a minimum Bid of such number of Equity Shares that the Bid Amount is at least Rs. 100 million. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion 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. In the event that the demand from Mutual Funds 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. However, in the event of under-subscription in the Mutual Fund Portion, the balance Equity Shares in the Mutual Fund Portion will be added to the Net QIB Portion and allocated to QIBs (including Mutual Funds) on a proportionate basis, subject to valid Bids at or above 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. Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the QIB Portion, Non-Institutional Portion, and Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange. Under-subscription, if any, in the Employee Reservation Portion will be added to the Net Issue. In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted to the Employee Reservation Portion subject to the Net Issue constituting at least 25% of the fully diluted post-Issue paid up capital of our Company.

In accordance with the SEBI Regulations, QIBs Bidding in the Net QIB Portion are not allowed to withdraw their Bids after the QIB Bid Closing Date. Further, allocation to QIBs in the Net QIB Portion will be on a proportionate basis. For further details, see sections titled "*Issue Structure*" and "*Issue Procedure*" on pages 325 and 331 respectively.

Our Company will comply with the SEBI Regulations and any other ancillary directions issued by SEBI for this

Issue. In this regard, our Company has appointed the BRLMs to manage this Issue and procure subscriptions to this Issue.

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

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

- Check eligibility for making a Bid. For further details, see section titled "*Issue Procedure*" on page 331. Specific attention of ASBA Bidders is invited to section titled "*Issue Procedure*" on page 331;
- Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
- Ensure that the Bid cum Application Form is duly completed as per the instructions given in the Red Herring Prospectus and in the Bid cum Application Form;
- Except for bids on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, for Bids of all values ensure that you have mentioned your PAN allotted under the I.T. Act in the Bid cum Application Form (see section titled "*Issue Procedure"* on page 331). The exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Bids, the Registrar will check under the Depository records for the appropriate description under the PAN field and whether the PAN flag has been enabled;
- Ensure the correctness of your demographic details such as the address, the bank account details for printing on refund orders and occupation ("**Demographic Details**"), given in the Bid cum Application Form, with the details recorded with your Depository Participant;
- Bids by ASBA Bidders will only have to be submitted to the SCSBs at the Designated Branches or the Syndicate at Syndicate ASBA Bidding Locations. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that their Bid cum Application Form is not rejected; and
- Bids by QIBs will only have to be submitted to the BRLMs or its affiliates.

Illustration of Book Building Process and the Price Discovery Process

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

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

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

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

Withdrawal of this Issue

Our Company and the Selling Shareholder, in consultation with the BRLMs, reserve the right to not proceed with the Issue anytime after the Bid Opening Date but before the 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, providing reasons for not proceeding with the Issue. Our Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed and the BRLMs through the Registrar shall notify the SCSBs to unblock the ASBA Account within one Working Day from the date of such notification.

Any further issue of Equity Shares by our Company shall be in compliance with applicable laws.

If our Company withdraws the Issue after the Bid Closing Date, our Company shall be required to file a fresh draft red herring prospectus with SEBI.

Notwithstanding the foregoing, this Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and the final RoC approval of the Prospectus.

Bid/Issue Programme*

BID OPENING DATE	**[●]**
BID CLOSING DATE	**[●]**
QIB BID CLOSING DATE	**[●]**

* *Our Company and the Selling Shareholder may, in consultation with the BRLMs, consider participation by Anchor Investors. Anchor Investor shall Bid on Anchor Investor Bidding Date.*

Except in relation to the Bids received from the Anchor Investors, Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Bidding Period at the Bidding Centres mentioned on the Bid cum Application Form or, in case of Bids submitted by ASBA Bidders, the Designated Branches and the Syndicate ASBA Bidding Locations **except that:**

(i) in case of Bids by QIBs under the Net QIB Portion, the Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 4.00 p.m. on the QIB Bid Closing Date;

(ii) in case of Bids by Non-Institutional Bidders, the Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 4.00 p.m. on the Bid Closing Date; and

(iii) in case of Bids by Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion, the Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. on the Bid Closing Date, which may be extended up to such time as deemed fit by the Stock Exchanges after taking into account the total number of applications received up to the closure of timings and reported by BRLMs to the Stock Exchanges within half an hour of such closure.

Due to limitation of the time available for uploading the Bids on the last day of the respective Bidding Period, the Bidders are advised to submit their Bids one day prior to the last day of the Bidding Period, and, in any case, no later than 3.00 p.m. (Indian Standard Time) on the last day of the Bidding Period. Bidders are cautioned that, in the event a large number of Bids are received on the last day of the Bidding Period, as is typically experienced in public offerings in India, it may lead to some Bids not being uploaded due to lack of sufficient time to upload. Such Bids that cannot be uploaded will not be considered for allocation under this Issue. Bids will only be accepted on Working Days.

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

Our Company and the Selling Shareholder, in consultation with BRLMs, reserve the right to revise the Price Band during the Bidding Period in accordance with the SEBI Regulations. In such an event, the Cap Price shall not be more than 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, as advertised at least two Working Days before the Bid Opening Date.

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

Underwriting Agreement

After the determination of the Issue Price, but prior to filing of the Prospectus with the RoC, our Company and the Selling Shareholder intend to enter into the Underwriting Agreement with the Underwriters and the Registrar to the Issue for the Equity Shares proposed to be offered through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the Underwriters responsible for bringing in the amount devolved in the event the respective Syndicate Members do not fulfil their underwriting obligations. The underwriting shall be to the extent of the Bids uploaded, subject to Regulation 13 of the SEBI Regulations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein.

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

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

Details of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in million)
[●]	[●]	[●]
[●]	[●]	[●]
Total	[●]	[●]

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

In the opinion of our Board (based on a certificate given by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full.

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

CAPITAL STRUCTURE

The share capital of our Company, as of the date of this DRHP, before and after the Issue, is set forth below:

(Rs. in million, except share data)

		Aggregate nominal value	Aggregate value at Issue Price
A)	**AUTHORISED SHARE CAPITAL[a]**		
	30,000,000 Equity Shares	300.00	
B)	**ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL BEFORE THE ISSUE**		
	18,000,000 Equity Shares	180.00	
C)	**PRESENT ISSUE IN TERMS OF THIS DRHP**		
	Fresh Issue of [●] Equity Shares [b]	[●]	[●]
	Offer for Sale of up to [●] Equity Shares[c]	[●]	[●]
	Of which:		
	Employee Reservation Portion of up to 1% of the Issue size, constituting [●] Equity Shares*	[●]	[●]
	Net Issue of [●] Equity Shares	[●]	[●]
	Of which:		
	QIB Portion of up to [●] Equity Shares [d]	[●]	[●]
	Of which:		
	Anchor Investor Portion is up to [●] Equity Shares[e]	[●]	[●]
	Net QIB Portion of up to [●] Equity Shares[d]	[●]	[●]
	Of which:		
	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 of not less than [●] Equity Shares *	[●]	[●]
D)	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE**		
	[●] Equity Shares	[●]	[●]
E)	**SECURITIES PREMIUM ACCOUNT**		
	Before the Issue	305.79	
	After the Issue**	[●]	

______

**Available for allocation on a proportionate basis, subject to valid Bids being received at or above the Issue Price.*

***Determination post finalization of the Issue Price.*

(a) The initial authorised share capital of our Company of Rs. 50 million comprising 5,000,000 Equity Shares was increased to Rs. 150 million divided into 15,000,000 Equity Shares pursuant to a resolution of the shareholders of our Company dated March 10, 2005.

The authorised share capital of our Company was further increased from Rs. 150 million divided into 15,000,000 Equity Shares to Rs. 300 million divided into 30,000,000 Equity Shares pursuant to a resolution of the shareholders of our Company dated July 31, 2010.

(b) The Fresh Issue has been authorized by the resolution of our Board dated December 19, 2011, and by a special resolution passed pursuant to Section 81(1A) of the Companies Act, at the EGM held on December 23, 2011. Our Company is exploring the possibility of a Pre-IPO Placement. The Pre-IPO Placement will be at the discretion of our Company. Our Company intends to complete the issuance/transfer of Equity Shares pursuant to the Pre-IPO Placement, if any, prior to filing the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares issued and transferred pursuant to the Pre-IPO Placement will be proportionately reduced from the Fresh Issue, subject to the Net Issue being at least 25% of the fully diluted post-Issue paid up capital of our Company.

(c) The Issue comprises an Offer for Sale of up to [●] Equity Shares aggregating up to Rs. 700 million by the Selling Shareholder. The Selling Shareholder has obtained approval for the Offer for Sale pursuant to their board resolution dated December 19, 2011. The Selling Shareholder is offering up to [●] Equity Shares in aggregate, which have been held for a period of at least one year prior to the date of filing of the DRHP and, hence, are eligible for being offered for sale in the Issue.

(d) 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. In the event that the demand from Mutual Funds 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. However, in the event of under-subscription in the Mutual Fund Portion, the balance Equity Shares in the Mutual Fund Portion will be added to the Net QIB Portion and allocated to QIBs on a proportionate basis, subject to valid Bids at or above Issue Price.

(e) Our Company and Selling Shareholder may, in consultation with the BRLMs, allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis at the Anchor Investor Allocation Price, out of which at least one-third will be available for allocation to domestic Mutual Funds only. For further details see section titled "*Issue Procedure*" on page 331. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion.

Notes to the Capital Structure

1. Share Capital History

(a) History of equity share capital of our Company

The following table sets forth the history of Equity Share capital of our Company:

Date of allotment*	Number of Equity Shares	Face value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Reasons for allotment	Cumulative number of equity shares	Cumulative equity share capital (Rs.)	Cumulative share premium (Rs.)
April 16, 2001	10,000	10	10	Cash	Initial subscription(1)	10,000	100,000	Nil
January 20, 2003	2,490,000	10	10	Cash	Preferential allotment to Mr. Rajeev Sheth	2,500,000	25,000,000	Nil
March 31,2003	1,760,000	10	54	Cash	Preferential allotment to Mr. Rajeev Sheth	4,260,000	42,600,000	77,440,000
March 31, 2004	740,000	10	54	Cash	Preferential allotment to Mr. Rajeev Sheth	5,000,000	50,000,000	110,000,000
February 14, 2006	2,500,000	10	Nil	Other than cash	Bonus issue of Equity Shares in the ratio of 1:2(2)***	7,500,000	75,000,000	110,000,000
March 29, 2006	1,360,000	10	90	Cash	Preferential allotment to Fabrikant H.K. Trading Limited	8,860,000	88,600,000	218,800,000
March 28, 2009	(75,000)	10	-	-	Cancellation of shares held by Tara Jewels Export Pvt. Ltd.(3)	8,785,000	87,850,000	218,800,000
March 28, 2009	3,062,413	10	10	Other than cash	Allotment pursuant to the Scheme of Merger(4)	11,847,413	118,474,130	365,028,595**
September 4, 2010	5,923,707	10	Nil	Other than cash	Bonus issue of Equity Shares in the ratio of 1:2 (5)***	17,771,120	177,711,200	365,028,595

Date of allotment*	Number of Equity Shares	Face value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Reasons for allotment	Cumulative number of equity shares	Cumulative equity share capital (Rs.)	Cumulative share premium (Rs.)
September 7, 2010****	228,880	10	10	Cash	Preferential allotment to Ms. Aarti Sheth and Ms. Divya Sheth	18,000,000	180,000,000	365,028,595

* *The Equity Shares were fully paid on the date of their allotment.*
** *An amount of Rs. 146,228,595 was added to our share premium account, pursuant to the merger of Tara Jewels Exports Private Limited and T Two International Private Limited with our Company as approved by the Bombay High Court by its order dated January 23, 2009. For details relating to the Scheme of Merger see section titled "History and Certain Corporate Matters - Scheme of Merger" on page 128.*
*** *The Equity Share arising out of the bonus issues were issued pursuant to capitalisation of reserves and surplus.*
**** *The Equity Shares were issued for a total consideration of Rs. 2.29 million. Since these Equity Shares were issued at face value, no valuation exercise was undertaken by our Company. Such funds were raised in order to meet our Company's working capital requirements and were utilised for that purpose.*

(1) Initial allotment of 5,000 Equity Shares each to Mr. Rajeev Sheth and Mrs. Purnima Sheth.

(2) Bonus issue of 2,472,500 Equity Shares to Mr. Rajeev Sheth, 2,500 Equity Shares to Mrs. Purnima Sheth and 25,000 Equity Shares to Tara Jewels Export Private Limited.

(3) Cancellation of 75,000 Equity Shares held by Tara Jewels Export Private Limited pursuant to the merger of Tara Jewels Exports Private Limited and T Two International Private Limited with our Company, as approved by the Bombay High Court by its order dated January 23, 2009. For details see section titled "*History and other Corporate Matters - Scheme of Merger*" on page 128.

(4) Allotment of 2,237,762 Equity Shares to Mr. Rajeev Sheth, 2,250 Equity Shares to Mrs. Purnima Sheth, 799,999 Equity Shares to Fabrikant H.K. Trading Limited, 22,400 Equity Shares to Divya Jewels International Private Limited and 2 Equity Shares to Ms. Alpana Deo pursuant to the merger of Tara Jewels Exports Private Limited and T Two International Private Limited with our Company, as approved by the Bombay High Court by its order dated January 23, 2009. Further, pursuant to the aforesaid Scheme of Merger 75,000 Equity Shares held by Tara Jewels Export Private Limited in our Company were cancelled reducing the paid-up Equity Share capital of our Company from 8,860,000 Equity Shares to 8,785,000 Equity Shares. For details see section titled "*History and other Corporate Matters - Scheme of Merger*" on page 128.

(5) Bonus issue of 4,827,631 Equity Shares to Mr. Rajeev Sheth, 1,080,000 Equity Shares to Fabrikant H.K. Trading Limited, 11,200 Equity Shares to Divya Jewels International Private Limited, 4,875 Equity Shares to Mrs. Purnima Sheth and 1 Equity Share to Ms. Alpana Deo.

(b) Equity Shares issued for consideration other than cash

The details of Equity Shares issued for consideration other than cash is as follows:

Date of allotment	Number of Equity Shares	Face value (Rs.)	Issue Price (Rs.)	Reasons for allotment	Allottees
February 14, 2006	2,500,000	10	Nil	Bonus issue of Equity Shares in the ratio of 1:2	Mr. Rajeev Sheth, Mrs. Purnima Sheth and Tara Jewels Export Private Limited.
March 28, 2009	3,062,413	10	10	Allotment pursuant to a Scheme of Merger*	Mr. Rajeev Sheth, Mrs. Purnima Sheth, Fabrikant H.K. Trading Limited, Ms. Alpana Deo and Divya Jewels International Private Limited.
September 4, 2010	5,923,707	10	Nil	Bonus issue of Equity Shares in the ratio of 1:2	Mr. Rajeev Sheth, Fabrikant H.K. Trading Limited, Divya Jewels International Private Limited, Mrs. Purnima Sheth and Ms. Alpana Deo

* *For further details in relation to the Scheme of Merger, see section titled "History and Certain Corporate Matters - Scheme of Merger" on page 128.*

Except for the allotment made pursuant to the Scheme of Merger, as stated above, which was done for the purpose of consolidation of the business and to bring synergetic benefits through combined manufacturing operations and marketing capabilities in addition to economies in administrative and managerial costs, no benefits have accrued to our Company out of the above issuances.

2. History of Build up, Contribution and Lock-in of Promoter's shareholding

a) *Build up of Promoter's shareholding in our Company*

Set forth below are the details of the build up of shareholding of our Promoter, Mr. Rajeev Sheth:

Name of the Promoter	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
Mr. Rajeev Sheth	April 16, 2001	5,000	10	10			Cash	Initial allotment
	January 20, 2003	2,490,000	10	10			Cash	Preferential allotment
	March 31, 2003	1,760,000	10	54			Cash	Preferential allotment
	March 31, 2004	740,000	10	54			Cash	Preferential allotment
	September 1, 2005	(50,000)	10	54			Cash	Transfer to Tara Jewels Export Limited
	February 14, 2006	2,472,500	10	Nil			Other than cash	Bonus issue of Equity Shares in the ratio of 1:2
	March 28, 2009	2,237,762	10	10			Other than cash	Allotment pursuant to Scheme of Merger***
	September 4, 2010	4,827,631	10	Nil			Other than cash	Bonus issue of Equity Shares in the ratio of 1:2
Total		**14,482,893**			80.46	[●]		

* *The Equity Shares were fully paid on the date of their allotment.*
** *The cost of acquisition excludes the stamp duty paid.*
*** *For further details, see section titled "History and other Corporate Matters - Scheme of Merger"* on page 128.

b) *Details of Promoter's contribution locked-in for three years*

Equity Shares aggregating 20% of the fully diluted post-Issue capital of our Company held by our Promoter shall be considered as promoter's contribution and locked-in for a period of three years from the date of Allotment ("**Promoter's Contribution**").

The lock-in of the Promoter's Contribution would be created as per applicable law and procedure and details of the same shall also be provided to the Stock Exchanges before the listing of the Equity Shares.

Mr. Rajeev Sheth, our Promoter, has, pursuant to a letter dated December 22, 2011 given consent to include such number of Equity Shares held by him as may constitute 20% of the fully diluted post-Issue Equity Share capital of our Company as Promoter's Contribution and has agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner the Promoter's Contribution from the date of filing this DRHP, until the commencement of the lock-in period specified above, or for such other time as required under SEBI Regulations. Details of Promoter's Contribution are as provided below:

Name of the Promoter	Date of allotment/transfer	Consideration	No. of Equity Shares locked-in	% of fully diluted post-Issue Capital
[●]	[●]	[●]	[●]	20

Whilst the Net Issue, excluding the Pre-IPO Placement, if any, is proposed to be more than 25% of the fully diluted post-Issue paid up capital of our Company, the actual number of Equity Shares that would be offered in the Issue cannot be determined at this stage. Our Company would be able to estimate the number of Equity Shares to be offered in the Issue on finalization of the Issue Price. Consequently, our Company cannot determine the number of Equity Shares that are required to be offered by our Promoter towards Promoter's Contribution at this stage. However, 14,482,893 Equity Shares held by our Promoter are eligible for Promoter's Contribution in terms of the SEBI Regulations.

Further, we undertake to update the exact details of the number of Equity Shares forming part of Promoters' Contribution at the time of filing of the Prospectus with the RoC.

The Promoter's Contribution has been brought in to the extent of not less than the specified minimum lot and from Mr. Rajeev Sheth, our Promoter, as required under the SEBI Regulations.

The Equity Shares that are being locked-in are not and will not be ineligible for computation of Promoter's Contribution under Regulation 33 of the SEBI Regulations. In this connection, as per Regulation 33 of the SEBI Regulations, our Company confirms that the Equity Shares locked in do not and shall not consist of:

(i) The Equity Shares acquired during the preceding three years for consideration other than cash and revaluation of assets or capitalisation of intangible assets or bonus shares out of revaluations reserves or unrealised profits or bonus shares which are otherwise ineligible for computation of Promoter's Contribution;

(ii) The Equity Shares acquired during the preceding one year, at a price lower than the price at which the Equity Shares are being offered to the public in the Issue;

(iii) The Equity Shares issued to the Promoter upon conversion of a partnership firm; and

(iv) The Equity Shares held by the Promoter that are subject to any pledge.

The Promoter's Contribution can be pledged only with a scheduled commercial bank or public financial institution as collateral security for loans granted by such banks or financial institutions, in the event the pledge of the Equity Shares is one of the terms of the sanction of the loan. The Promoter's Contribution may be pledged only if in addition to the above stated, the loan has been granted by such banks or financial institutions for the purpose of financing one or more of the objects of this Issue. For further details regarding the objects of the Issue, see section titled "*Objects of the Issue*" on page 77.

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

c) Details of shareholding of Promoter Group in our Company

Name	Number of Equity Shares	% of paid up Pre-Issue Share Capital	Number of Equity Shares held post Issue	% of Post Issue Capital
Divya Jewels International Private Limited	33,600	0.19	[●]	[●]
Mrs. Purnima Sheth	14,625	0.08	[●]	[●]
Ms. Aarti Sheth	114,440	0.64	[●]	[●]
Ms. Divya Sheth	114,440	0.64	[●]	[●]
Total Promoter Group	**277,105**	**1.55**	**[●]**	**[●]**

Except as otherwise stated in this section titled "*Capital Structure*" on page 61, none of the members of our Promoter Group hold or have held any Equity Shares.

3. Details of share capital locked in for one year

Except for the Promoter's Contribution which shall be locked in as above, the entire pre-Issue equity share capital of our Company (including those Equity Shares held by our Promoter), with the exception of Equity Shares which are proposed to be transferred as part of the Offer for Sale, shall be locked in for a period of one year from the date of Allotment. The Equity Shares subject to lock-in will be transferable subject to compliance with the SEBI Regulations, as amended from time to time. 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. Our shareholding pattern

(a) The table below represents the shareholding pattern of our Company before the Issue and as adjusted for this Issue:

Description	**Pre Issue**						**Post Issue***			
Category of Shareholder	**Number of shareholders**	**Total number of Equity Shares**	**Number of shares held in dematerialized form**	**Total shareholding as a % of total number of Equity Shares (A+B)**	**Shares pledge or otherwise encumbered**		**Total number of Equity Shares**	**Total shareholding as a % of total number of Equity Shares**	**Shares pledge or otherwise encumbered**	
					Number of shares	**As a %**			**Number of shares**	**As a %**
Shareholding of Promoter and Promoter Group (A)										
Indian										
Individuals/Hindu Undivided Family	4	14,726,398	Nil	81.81	Nil	Nil	[●]	[●]	[●]	[●]
Central Government/State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	[●]	[●]	[●]	[●]
Bodies Corporate	1	33,600	Nil	0.19	Nil	Nil	[●]	[●]	[●]	[●]
Financial Institutions/Banks	Nil	Nil	Nil	Nil	Nil	Nil	[●]	[●]	[●]	[●]
Any Other	Nil	Nil	Nil	Nil	Nil	Nil	[●]	[●]	[●]	[●]
Foreign							[●]	[●]	[●]	[●]
Individuals (Non-Resident Individuals/Foreign Individuals)	Nil	Nil	Nil	Nil	Nil	Nil	[●]	[●]	[●]	[●]
Bodies Corporate (OCB)	Nil	Nil	Nil	Nil	Nil	Nil	[●]	[●]	[●]	[●]
Institutions/FII	Nil	Nil	Nil	Nil	Nil	Nil	[●]	[●]	[●]	[●]
Any Other	Nil	Nil	Nil	Nil	Nil	Nil	[●]	[●]	[●]	[●]
Total Shareholding of Promoter and Promoter Group (A)	**5**	**14,759,998**	**Nil**	**82.00**	**Nil**	**Nil**	[●]	[●]	[●]	[●]
Public shareholding										

Description	Pre Issue						Post Issue*			
Category of Shareholder	Number of shareholders	Total number of Equity Shares	Number of shares held in dematerialized form	Total shareholding as a % of total number of Equity Shares (A+B)	Shares pledge or otherwise encumbered		Total number of Equity Shares	Total shareholding as a % of total number of Equity Shares	Shares pledge or otherwise encumbered	
					Number of shares	As a %			Number of shares	As a %
(B)										
Institutions (B1)										
Mutual Funds/ UTI	Nil	Nil	Nil	Nil	Nil	Nil	[●]	[●]	[●]	[●]
Financial Institutions / Banks	Nil	Nil	Nil	Nil	Nil	Nil	[●]	[●]	[●]	[●]
Central Government/State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	[●]	[●]	[●]	[●]
Foreign Institutional Investors	Nil	Nil	Nil	Nil	Nil	Nil	[●]	[●]	[●]	[●]
Foreign Venture Capital Investor	Nil	Nil	Nil	Nil	Nil	Nil	[●]	[●]	[●]	[●]
Venture Capital Fund	Nil	Nil	Nil	Nil	Nil	Nil	[●]	[●]	[●]	[●]
Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	[●]	[●]	[●]	[●]
Sub-Total (B)(1)	Nil	Nil	Nil	Nil	Nil	Nil	[●]	[●]	[●]	[●]
Non-institutions (B2)										
Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	[●]	[●]	[●]	[●]
Non Resident Indians	Nil	Nil	Nil	Nil	Nil	Nil	[●]	[●]	[●]	[●]
OCBs	Nil	Nil	Nil	Nil	Nil	Nil	[●]	[●]	[●]	[●]
Trust	Nil	Nil	Nil	Nil	Nil	Nil	[●]	[●]	[●]	[●]
Individuals	1	3	Nil	Negligible	Nil	Nil	[●]	[●]	[●]	[●]
Foreign Bodies	1	3,239,999	Nil	18.00	Nil	Nil	[●]	[●]	[●]	[●]
Others	Nil	Nil	Nil	Nil	Nil	Nil	[●]	[●]	[●]	[●]
Sub-Total (B)(2)	**2**	**3,240,002**	**Nil**	**18.00**	**Nil**	**Nil**	[●]	[●]	[●]	[●]
Public (Pursuant to the Issue) (B)(3)	-	-	-	-	-	-	[●]	[●]	[●]	[●]
Total Public Shareholding (B) = (B)(1)+(B)(2)+(B)(3)	**2**	**3,240,002**	**Nil**	**18.00**	**Nil**	**Nil**	[●]	[●]	[●]	[●]

Description	Pre Issue						Post Issue*			
Category of Shareholder	Number of shareholders	Total number of Equity Shares	Number of shares held in dematerialized form	Total shareholding as a % of total number of Equity Shares (A+B)	Shares pledge or otherwise encumbered		Total number of Equity Shares	Total shareholding as a % of total number of Equity Shares	Shares pledge or otherwise encumbered	
					Number of shares	As a %			Number of shares	As a %
(C) Shares held by custodians and against which Depository receipts have been issued	Nil	Nil	Nil	Nil	Nil	Nil	[●]	[●]	[●]	[●]
(1) Promoter and Promoter Group	Nil	Nil	Nil	Nil	Nil	Nil	[●]	[●]	[●]	[●]
(2) Public	Nil	Nil	Nil	Nil	Nil	Nil	[●]	[●]	[●]	[●]
GRAND TOTAL (A)+(B)+(C)	**7**	**18,000,000**	**Nil**	**100**	**Nil**	**Nil**	[●]	[●]	[●]	[●]

**Based on the assumption that such shareholders shall continue to hold the same number of Equity Shares after this Issue. This does not include any Equity Shares that such shareholders may Bid for and be Allotted. Our Promoters and Promoter Group will not participate in this Issue.*

Our Company will file the shareholding pattern of our Company, in the form prescribed under clause 35 of the Listing Agreement, one day prior to the listing of Equity Shares. The shareholding pattern will be uploaded on the website of Stock Exchanges before commencement of trading of such Equity Shares.

(b) The table below represents the holding of convertible securities/warrants in our Company:

Partly paid-up Equity Shares:-	**No. of partly paid-up Equity Shares**	**As a % of total no. of partly paid-up Equity Shares**	**As a % of total no. of Equity Shares**
Held by promoter/promoters group	Nil	-	-
Held by public	Nil	-	-
Total	Nil	-	-
Outstanding convertible securities:-	**No. of outstanding securities**	**As a % of total no. of outstanding convertible securities**	**As a % of total no. of Equity Shares, assuming full conversion of the convertible securities**
Held by promoter/promoter group	Nil	-	-
Held by public	509,025	100	2.75
Total	509,025	100	2.75
Warrants:-	**No. of warrants**	**As a % of total no. of warrants**	**As a % of total no. of Equity Shares, assuming full conversion of warrants**
Held by promoter/ promoter group	Nil	-	-
Held by public	Nil	-	-
Total	Nil	-	-
Total paid-up capital assuming full conversion of warrants and convertible securities			185,090,250

(c) The table below represents the shareholding of persons belonging to Promoter/Promoter Group in our Company:

Sr. No.	Name of the shareholder	Total shares held		Shares pledged or otherwise encumbered		
		Number	As a % of grand total (A)+(B)+(C)	Number	As a percentage	As a % of grand total (A)+(B)+(C) of sub-clause (I)(a)
(I)	(II)	(III)	(IV)	(V)	(VI)=(V)/(III)*100	(VII)
1.	Mr. Rajeev Sheth	14,482,893	80.46	Nil		
2.	Mrs. Purnima Sheth	14,625	0.08	Nil		
3.	Divya Jewels International Private Limited	33,600	0.18	Nil		
4.	Ms. Aarti Sheth	114,440	0.64	Nil		
5.	Ms. Divya Sheth	114,440	0.64	Nil		
	Total	**14,759,998**	**82.00**	**Nil**		

(d) The table below represents the shareholding of persons belonging to the category "Public" and holding more than 1% of the total paid up share capital of our Company

Sr. No.	Name of the shareholder	Number of shares	Shares as a percentage of total number of shares
1.	Fabrikant H.K. Trading Limited	3,239,999	18.00
	Total	**3,239,999**	**18.00**

(e) There are no Equity Shares against which depository receipts have been issued.

(f) Other than the Equity Shares, there are is no other class of securities issued by our Company.

5. Shareholding of our Directors and Key Managerial Personnel

Except as set forth below, none of our Directors hold any Equity Shares:

S. No.	Name of shareholder	Number of Equity Shares held	Pre Issue %	Post Issue %*
1.	Mr. Rajeev Sheth	14,482,893	80.46	[●]
2.	Ms. Aarti Sheth	114,440	0.64	[●]
3.	Ms. Alpana Deo	3	Negligible	[●]
	Total	**14,597,336**	**81.10**	**[●]**

**Assuming that the Director/ Key Managerial Personnel does not Bid in this Issue.*

Further none of our Key Managerial Personnel hold any Equity Shares.

6. Top 10 shareholders

As on the date of this DRHP, our Company has seven shareholders.

(a) Our top 10 shareholders and the number of Equity Shares held by them, as on the date of this DRHP:

S. No.	Shareholder	No. of Equity Shares	Pre Issue %	Post Issue %
1.	Mr. Rajeev Sheth	14,482,893	80.46	[●]
2.	Fabrikant H.K. Trading Limited	3,239,999	18.00	[●]
3.	Ms. Divya Sheth	114,440	0.64	[●]
4.	Ms. Aarti Sheth	114,440	0.64	[●]
5.	Mrs. Purnima Sheth	14,625	0.08	[●]
6.	Divya Jewels International Private Limited	33,600	0.18	[●]
7.	Ms. Alpana Deo	3	Negligible	[●]

Total		18,000,000	100.00	[●]

(b) Our top 10 shareholders and the number of Equity Shares held by them 10 days prior to filing of this DRHP:

S. No.	Shareholder	No. of Equity Shares	Pre Issue %	Post Issue %
1.	Mr. Rajeev Sheth	14,482,893	80.46	[●]
2.	Fabrikant H.K. Trading Limited	3,239,999	18.00	[●]
3.	Ms. Divya Sheth	114,440	0.64	[●]
4.	Ms. Aarti Sheth	114,440	0.64	[●]
5.	Mrs. Purnima Sheth	14,625	0.08	[●]
6.	Divya Jewels International Private Limited	33,600	0.18	[●]
7.	Ms. Alpana Deo	3	Negligible	[●]
	Total	18,000,000	100.00	[●]

(c) Our top 10 shareholders two years prior to filing of this DRHP:

S. No.	Shareholder	No. of Equity Shares Held	Pre Issue %	Post Issue %
1.	Mr. Rajeev Sheth	9,655,262	81.50	[●]
2.	Fabrikant H.K. Trading Limited	2,159,999	18.23	[●]
3.	Divya Jewels International Private Limited	22,400	0.19	[●]
4.	Mrs. Purnima Sheth	9,750	0.08	[●]
5.	Ms. Alpana Deo	2	Negligible	[●]
	Total	11,847,413	100.00	[●]

7. Sale, purchase or subscription of our Company's securities by our Promoter, Promoter Group and our Directors within three years immediately preceding the date of the DRHP, which in aggregate is equal to or greater than 1% of the pre-Issue capital of our Company:

Date of allotment	Name of the shareholder	Number of Equity Shares	Pre-Issue %	Promoter/Promoter/Director	Face value (Rs.)	Issue Price (Rs.)	Nature of transaction
March 28, 2009	Mr. Rajeev Sheth	2,237,762	12.43	Promoter/Director	10	10	Allotment pursuant to Scheme of Merger*
	Mrs. Purnima Sheth	2,250	0.01	Promoter Group			
	Divya Jewels International Private Limited	22,400	0.12	Promoter Group/Group Company			
	Ms. Alpana Deo	2	Negligible	Director			
Total		**2,262,414**	**12.57**				
September 4, 2010	Mr. Rajeev Sheth	4,827,631	26.82	Promoter/Director	10	Nil	Bonus issue of Equity Shares in the ratio of 1:2
	Mrs. Purnima Sheth	4,875	0.03	Promoter Group			
	Divya Jewels International Private Limited	11,200	0.06	Promoter Group/Group Company			
	Ms. Alpana Deo	1	Negligible	Director			
Total		**4,843,707**	**26.91**				
September 7, 2010	Ms. Aarti Sheth	114,440	0.64	Director/Promoter Group	10	10	Preferential allotment
	Ms. Divya Sheth	114,440	0.64	Director/Promoter Group			
Total		**228,880**	**1.27**				

* *For further details in relation to the Scheme of Merger, see section titled "History and Certain Corporate Matters - Scheme of Merger" on page 128.*

8. Employee Stock Option Plan – ESOP 2010

Our Company has instituted the ESOP 2010, which was approved our Board by its resolution dated September 2, 2010. Under the ESOP 2010, employee stock options exercisable into such number of Equity Shares being not more than 5% of paid-up Equity Share capital of our Company at any point in time may be issued to eligible employees and directors of our Company or our Subsidiaries. Under ESOP 2010, two grants have been made, Grant A and Grant B. Our Company has granted a total of 509,025 options convertible in 509,025 Equity shares which represents 2.83% of the pre-Issue paid up equity share capital of our Company and [●] % of the fully diluted post-Issue paid up share capital of our Company. Out of the total number of options granted, 442,571 options convertible into 442,571 Equity Shares are granted under Grant A and 66,454 options convertible into 66,454 Equity Shares are granted under Grant B, The following table sets forth the particulars of the options granted under the ESOP 2010 as of the date of filing the DRHP:

Particulars	Details
Options granted	Grant A: 442,571
	Grant B: 66,454
	Total: 509,025
Date of grant	September 2, 2010
Total number of equity shares arising as a result of full exercise of options already granted	509,025
Pricing Formula	Intrinsic value method.
Exercise price of options	Grant A: Rs. 333
	Grant B: Rs. 20
Total options vested	Grant A: 44,257
	Grant B: 66,454
Options exercised	Nil
Options forfeited/ lapsed/ cancelled	Nil
Variations in terms of options	Nil
Money realised by exercise of options (in Rs.)	Nil
Options outstanding (in force)	509,025
Employee wise details of options granted to	
i) Directors and Senior managerial personnel/Key Managerial Employees	

Name of employee	No. of outstanding options under Grant A	No. of outstanding options under Grant B	Total
Ms. Alpana Deo	143,867	Nil	143,867
Mr. Vikram Raizada	44,958	Nil	44,958
Ms. Nalini Rajan	44,958	31,949	76,907
Mr. Ravindran M.P	13,488	4,793	18,281
Mr. Pravin Patil	8,992	3,195	12,187
Mr. Jeffrey Shlakman	24,817	Nil	24,817
Mr. Leonard Meyer	20,681	Nil	20,681
Mr. Sajid Salim Sakarwalla	17,983	6,390	24,373
Ms. Elisabeth McGuire	20,681	Nil	20,681
Mr. Milan Gandhi	16,545	Nil	16,545
Mr. Stuart Marcus	16,545	Nil	16,545
Mr. Tateos Tateossian	8,992	2,237	11,229
Ms. Jagruthi Kamdar	3,237	2,236	5,473

Mr. Chander Gurnani	8,992	4,792	13,784
Ms. Sunayana Vora	5,395	3,195	8,590
Mr. Vishal Adhyapak	7,193	3,195	10,388

ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year

Name of employee	Total no. of options granted	% of options granted
Ms. Alpana Deo	143,867	28.26
Ms. Nalini Rajan	76,907	15.11
Mr. Vikram Raizada	44,958	8.83

iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant

Name of employee	No. of options granted	% of issued Equity Share capital
Ms. Alpana Deo	143,867	1.21

Impact on fully diluted EPS on a pre-issue basis (as per AS 20)

For Fiscal 2011, the impact on fully diluted EPS will be Re.0.08 and for the three months period ending June 30, 2011 the impact on fully diluted EPS will be Re. 0.02.

For Fiscal 2012, the diluted EPS cannot be computed since the number of Equity Shares as on March 31, 2012 is unknown. The EPS would get further reduced to the extent of stock options granted.

Difference between employee compensation cost using the intrinsic value method and the employee compensation cost that shall have been recognised if the company has used fair value of options and impact of this difference on profits and EPS of the company.

Options have been granted in Fiscal 2011. Employee compensation cost is calculated using intrinsic value method.

Had our Company followed fair value method for accounting the stock options, compensation cost would have been higher by Rs. 8.40 million for Fiscal 2011. Consequently profit after tax for Fiscal 2011 would have been lower by Rs. 8.40 million and the basic EPS of our Company would have been lower by Rs. 0.47 per Equity Share and the diluted EPS would have been lower by Rs.0.46 per Equity Share.

Had our Company followed fair value method for accounting the stock options, compensation cost would have been higher by Rs.12.30 million for Fiscal 2012. Consequently profit after tax for Fiscal 2012 would have been lower by Rs. 12.30 million and accordingly EPS would get diluted to the extent of stock options granted.

Weighted average exercise price either equals or exceeds or is less than the market value of the shares.

Weighted average exercise price of Options granted last year whose:	
Exercise price equals market price on the date of grant	Rs. 333.00 per option
Exercise price is greater than market price on the date of grant	N.A.
Exercise price is less than market price on the date of grant	Rs. 20.00 per option

Weighted average fair values of options whose exercise price equals or is less than the market value of the stock.

Weighted average fair value of options granted last year whose:	
Exercise price equals market price on the date of grant	Rs. 80.97 per option
Exercise price is greater than market price on the date of grant	N.A.
Exercise price is less than market price on the date of grant	Rs. 314.22 per option

Description of the method and

The fair value of the options has been calculated using the Black Scholes Options significant assumptions used during the year to estimate the fair values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in market at the time of grant of the option

Pricing Model and the significant assumptions used for the two grants are as follows:

Grant A	
Risk Free Interest Rate	7.22%
Expected Life	4 years
Expected Volatility	Since our Company was unlisted at the time of grant, volatility has been taken as zero
Dividend Yield	Since our Company has not paid any dividends in the past, the dividend yield is taken as nil.
Exercise Price	Rs. 333.00
Price of the underlying share in market at the time of the option grant.	Rs. 333.00
Fair Value per option	Rs. 80.97

Grant B	
Risk Free Interest Rate	6.50%
Expected Life	1 year
Expected Volatility	Since our Company was unlisted at the time of grant, volatility has been taken as zero
Dividend Yield	Since our Company has not paid any dividends in the past, the dividend yield is taken as nil.
Exercise Price	Rs. 20.00
Price of the underlying share in market at the time of the option grant.	Rs. 333.00
Fair Value per option	Rs. 314.22

Vesting schedule

Grant A:

	1st year vesting %	**2nd year vesting %**	**3rd year vesting %**	**4th year vesting %**
Part A (25% of total options granted) (Basis of vesting: Continued employment)	-	5.00	7.50	10.00
Part B (75% of total options granted) (Basis of Vesting: Performance) *	-	15.00	22.50	30.00
Total	10.00**	20.00	30.00	40.00

**Maximum percentage of options that can vest depending on the performance matrix below*

*** The first vesting of 10% is not linked to performance and is based on continued employment with our Company only.*

Performance rating criteria of 1 to 4 will be defined for each Fiscal (Fiscal 2012 to Fiscal 2014) options will vest based on the performance matrix below:

Performance Rating Criteria***	Percentage of options that would vest
1	100%
2	50%
3	25%
4	NIL

	****Based on achievement of the annual targets set by the management at the beginning of the Fiscal* **Grant B**: All the options granted have vested on September 2, 2010.
Lock-in	None
Impact on profits and EPS of the last three years	see table below
Intention of the holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Issue. In case of an employee stock option scheme, this information shall be disclosed regardless of whether Equity Shares arise out of options exercised before or after the initial public offer	No such intention.
Intention to sell Equity Shares arising out of the exercise of options granted under ESOP 2010 within three months after the listing of equity shares by directors, senior managerial personnel and employees amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	No such intention.

	Three months ending June 30, 2011	Fiscal 2011	Fiscal 2010	Fiscal 2009
Impact on profit	Nil	Rs. 20.80 million	Nil	Nil
Impact on EPS	Rs. 0.02	Rs. 0.08	Nil	Nil

The ESOP 2010 has been framed in accordance with the relevant Guidance Note/Accounting Standards issued by the Institute of Chartered Accountants of India and is in compliance with Regulation 26(5) (b) of SEBI Regulations.

Our Company does not intend to grant any further options under ESOP 2010 post listing of the Equity Shares on the Stock Exchanges. However, in case any such options are granted or the terms of the options issued under ESOP 2010 are changed, post listing its Equity Shares, our Company will comply with the requirements under Clauses 22.2 and 22.2A of the SEBI ESOP Guidelines.

9. Our Company, our Directors and the BRLMs have not entered into any buy-back and/or standby and/or any other similar arrangements for the purchase of Equity Shares being offered through this Issue.

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

11. The BRLMs do not hold any Equity Shares as on the date of filing of this DRHP. The BRLMs and its respective affiliates may engage in the transactions with and perform services for our Company and our Subsidiaries in the ordinary course of business or may in the future engage, in commercial banking and investment banking transactions with our Company and our Subsidiaries, for which they may in future receive, customary compensation.

12. No person connected with the Issue, including, but not limited to, the BRLMs, the members of the Syndicate, our Company, our Directors, our Subsidiaries, our Promoter, our Promoter Group and our Group Companies, shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid.

13. Except as disclosed under section titled "*Issue Structure*" on page 325, there will be no further issue of Equity Shares 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 DRHP with SEBI until the Equity Shares have been listed.

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

15. We have currently not raised any bridge loans against the Net Proceeds. However, depending on business requirements, we might consider raising bridge financing facilities, pending receipt of the Net Proceeds.

16. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing this DRHP.

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

18. Except for the Issue, the Pre-IPO Placement and any Equity Shares issued pursuant to exercise of options granted under the ESOP 2010, our Company has agreed with the BRLMs not to alter its capital structure by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares or issuance of Equity Shares for the purpose of expansion of our business till the end of six months from the date of Allotment.

19. Except for the Issue and the Pre-IPO Placement, without the prior written consent of the BRLMs, for a period ending 180 days after the date of the Prospectus, our Company will not (i) issue, offer, lend, pledge, encumber, sell, contract to sell or issue, sell any option or contract to purchase, purchase any option contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares; (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of Equity Shares of our Company or any securities convertible into or exercisable as or exchangeable for the Equity Shares; or (iii) publicly announce any intention to enter into any transaction described in (i) or (ii) above; whether any such transaction described in (i) or (ii) above is to be settled by delivery of Equity Shares or such other securities, in cash or otherwise or (iv) indulge in any publicity activities prohibited under the SEBI Regulations or any other jurisdiction in which the Equity Shares are being offered, during the period in which it is prohibited under each such laws.

20. There are certain restrictive covenants in the facility agreements entered into by our Company with certain lenders. For details, see section titled "*Financial Indebtedness*" on page 275. Further to the facility agreements, the following lender has consented to this Issue: State Bank of India (as lead bank under the consortium agreement dated January 5, 2009, as amended by supplemental agreements dated August 16, 2010 and January 12, 2011) pursuant to its letter dated December 28, 2011.

21. None of our Directors, their immediate relatives, Promoter and/or the members of our Promoter Group have purchased or sold any securities of our Company, during a period of six months preceding the date of filing this DRHP with SEBI.

22. During the period of six months immediately preceding the date of filing of this DRHP, no financing arrangements existed whereby our Promoter, our Promoter Group, our Directors and their relatives may have financed the purchase of Equity Shares by any other person.

23. Our Promoter, Promoter Group and Group Companies will not participate in this Issue.

24. Any oversubscription to the extent of 10% of the Issue can be retained for the purpose of rounding off and making allotments in minimum lots, while finalising the 'Basis of Allotment'. Consequently, the Allotment may increase by a maximum of 10% of the Issue, as a result of which the post-Issue paid up capital would also

increase by the excess amount of Allotment so made. In such an event, the Equity Shares to be locked-in towards the Promoter's Contribution shall be suitably increased, so as to ensure that 20% of the fully diluted post-Issue paid up capital is locked in.

25. The Net Issue is being made for at least 25% of the fully diluted post-Issue paid up capital pursuant to Rule 19(2)(b)(i) of the SCRR read with Regulation 41(1) of the SEBI Regulations. Our Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI Regulations. Further, this Issue is being made through the Book Building Process wherein not more than 50% of the Net Issue shall be available for allocation to QIBs on a proportionate basis out of which 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received 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. Our Company and the Selling Shareholder may, in consultation with the BRLMs, allocate up to 30% of the QIB Portion to the Anchor Investors on a discretionary basis. 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 Anchor Investor Allocation Price.

26. A Bidder cannot make a Bid for more than the number of Equity Shares offered through this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of Bidder. For further details see section titled "*Issue Procedure*" on page 331.

27. Subject to valid Bids being received at or above the Issue Price, under-subscription in any category, excluding Employee Reservation Portion, would be met with spill-over from any other category, at the sole discretion of our Company, in consultation with the BRLMs. Under-subscription, if any, in the Employee Reservation Portion shall be added to the Net Issue. In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted under the Employee Reservation Portion. Such inter-se spill-over, if any, would be effected in accordance with applicable laws, rules, regulations and guidelines.

28. The Equity Shares issued pursuant to this Issue shall be fully paid-up at the time of Allotment.

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

30. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

OBJECTS OF THE ISSUE

The Issue comprises of a Fresh Issue and an Offer for Sale.

Offer for Sale

The object of the Offer for Sale is to allow the Selling Shareholder to sell up to [●] Equity Shares aggregating up to Rs. 700.00 million. The Company will not receive any proceeds from the Offer for Sale.

Objects of the Fresh Issue

The objects of the Fresh Issue are to (a) meet the expenses of establishing retail stores; and (b) repay or pre-pay loans. Further, we believe that listing will enhance our brand name and create a public market for our Equity Shares in India.

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

The details of the proceeds of the Fresh Issue are summarised in the table below:

(Rs. in million)

Particulars	Amount
*Gross Proceeds	1,500.00#
Issue related expenses (other than those to be borne by the Selling Shareholder)	[●]
Net Proceeds	[●]

**The Gross Proceeds from the Issue excludes the amount to be raised with respect to the Offer for Sale by the Selling Shareholder.*
 # Includes, the proceeds if any, received pursuant to the Pre-IPO Placement.

After deducting the Issue related expenses (other than those to be borne by the Selling Shareholder), we intend to utilize the net proceeds of the Fresh Issue which is estimated at Rs. [●] ("**Net Proceeds**"). The details of the utilization of Net Proceeds will be as per the table set forth below:

(Rs. in million)

S. No.	Particulars of expenditure	Amount	Estimated schedule of deployment of Net Proceeds		
			Up to May 31, 2012	Up to July 31, 2012	Up to December 31, 2012
1.	Establishment of retail stores	663.00	Nil	331.50	331.50
2.	Repayment or pre-payment of loans	500.00	500.00	Nil	Nil
3.	General corporate purposes	[●]	[●]	[●]	[●]
	Total	[●]			

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

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

I. Establishment of retail stores

We intend to expand our retail business by launching new stores in various parts of India. Accordingly, we propose to deploy Rs. 663.00 million, from the Net Proceeds for establishing 20 stores ("**Project Stores**"). The 20 Project Stores will be launched in 18 cities, namely, Mumbai, New Delhi, Gurgaon, Noida, Lucknow, Allahabad, Kanpur, Varanasi, Jaipur, Udaipur, Kota, Mohali, Chandigarh, Amritsar, Ludhiana, Jalandhar, Raipur and Dehradoon. All the Project Stores will be operated by our Company and the premises for the stores will be taken on lease or leave and license. The average size of a Project Store is proposed to be approximately 1,000 square feet.

We propose to enter into letters of intent/leave and license agreement/lease agreement for the purpose of taking properties on lease or leave and license for the Project Stores.

Estimated cost of establishment

The break-up of the average cost for establishment of a Project Store is given below:

(Rs. in million)

S. No	Particulars	Estimated costs
1.	Civil, electrical and furniture(1)	6.47
2.	Security systems and equipment(2)	0.50
3.	DG Set(3)	0.22
4.	Signage(4)	0.31
5.	Gemmological microscope(5)	0.06
6.	Weighing scale(6)	0.05
7.	Spectrometer(7)	0.54
	Total	**8.15**

(1) as per quotation dated December 21, 2011 given by Chinai Shah Ranadive.
(2)as per quotations dated December 21, 2011 given by Infrasol Services.
(3)as per quotation dated December 21, 2011 given by Kala Genset Private Limited.
(4) as per quotation dated December 19, 2011 given by Peacock Media Limited.
(5) as per quotation dated December 19, 2011 given by Radical Scientific Equipments Private Limited.
(6) as per quotation dated December 19, 2011 given by Mettler-Toledo India Private Limited.
(7) as per quotation dated December 19, 2011 given by Afra International FZC, UAE. For the amount, the exchange rate as was applicable on December 19, 2011, 2011 has been used, i.e., Rs. 52.96 for U.S. Dollar 1.00 (Source: www.rbi.org.in).

The total cost of establishment of the Project Stores is Rs. 163.00 million. In addition, the cost of establishment of our Project Stores will include the costs that our Company will incur for inventory of products maintained at the Project Stores. Our estimated cost for inventory of products maintained at a single Project Store is Rs. 25.00 million. Our total estimated cost for maintaining such inventory will be Rs. 500.00 million.

Methodology for computation of estimated cost of establishment of the Project Stores

The esimated cost for establishment of the Project Stores primarily comprises of expenditures on interior designing, display racks, security systems, purchase of computers, installation of electrical and air-conditioning equipment, and other equipment. Since these equipments are standard in nature, the estimated costs remain largely the same for similar sized stores, irrespective of the location of the store. For estimating the average cost of establishment of a Project Store an average area of approximately 1,000 square feet has been taken.

The estimated cost of inventory of products maintained at a store comprises cost of average finished jewellery that we propose to stock at our stores. The estimated cost is based on our experience of maintaining inventory of products at our Existing Stores. Further, for the purposes of calculating the cost of inventory maintained at our Existing Stores, inventories of raw materials, stores and consumables are valued at cost on first-in-first-out basis and work in progress and finished goods are valued at cost or net realizable value whichever is less. Cost for this purpose comprises of raw material cost and appropriate overheads incurred for bringing them to their present condition.

Further, our Company has developed smart retail store formats with an average area of approximately 1,000 square feet, displaying approximately 650 stock keeping units. Our Company believes these format stores would help it in maintaining inventory of approximately Rs. 25.00 million.

II. Repayment or pre-payment of loans

Our business is working capital intensive and we avail majority of our working capital in the ordinary course of business under fund based and non-fund based facilities from various banks. We propose to utilize part of the Net Proceeds to repay or prepay amounts outstanding under some of our fund based working capital facilities.

We propose to utilize Rs. 500.00 million from the Net Proceeds to repay or prepay Rs. 300.00 million to State Bank of India and Rs. 200 million to ICICI Bank Limited.

Details of the loans proposed to be repaid out of the Net Proceeds are provided in the table below:

Name of the lender	Outstanding amount as on November 30, 2011 (Rs.* in million)
State Bank of India**	755.73
ICICI Bank Limited	305.43
Total	1,061.16

** for amounts outstanding in U.S. Dollar, the exchange rate as was applicable on November 30, 2011 has been used, i.e., Rs. 52.17 for U.S. Dollar 1.00 (Source: www.rbi.org.in).*
*** the total sanctioned amount includes ad hoc limits.*

Given the nature of these borrowings and the terms of repayment, the aggregate outstanding amount varies from time to time. In addition to the above, we may, from time to time, enter into further financing arrangements and draw down funds thereunder.

For further details of the working capital facility availed by us, see section titled "*Financial Indebtedness*" on page 275.

III. General corporate purposes

The Net Proceeds will be first utilised towards the aforesaid objects and the balance is proposed to be utilized for general corporate purposes, including brand building exercises and strengthening of our marketing capabilities, subject to compliance with the necessary provisions of the Companies Act.

Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time, and consequently, our funding requirement and deployment of funds may also change. In accordance with the policies of our Board, our management will have flexibility in utilizing the proceeds earmarked for general corporate purposes. Please also see "*Risk Factor - **We propose to utilise a part of the Net Proceeds for general corporate purpose and our management will have the discretion to deploy the funds***" on page xxv.

IV. Means of Finance

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

V. Expenses of the Issue

The total expenses of the Issue are estimated to be approximately Rs. [●] million. The Issue related expenses include, among others, Issue management fees, registrar fees, printing and distribution expenses, fees of the legal counsel, advertisement and road show expenses, stamp duty, depository charges, listing fees to the Stock exchanges. The Issue expenses shall be shared between our Company and the Selling Shareholder in the proportion to the number of Equity Shares sold to the public as part of the Issue.

The breakdown of the total expenses for the Issue is as follows:

(Rs. in million)

Activity	Issue Expense*	As a % of total Issue Expenses	As a % of Issue
Lead management, underwriting and selling commissions	[●]	[●]	[●]
Commission/processing fee for SCSBs and Syndicate for ASBA**	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Printing and stationery	[●]	[●]	[●]
Registrar's fees	[●]	[●]	[●]
Other (legal fees, grading expenses, listing fees etc.)	[●]	[●]	[●]
Total Issue Expenses	[●]	[●]	[●]

**To be inserted post finalization of Issue Price.*
***SCSBs would be entitled to a processing fee of Rs. [•] per Bid cum Application Form for processing the Bid cum Application Forms submitted at the Syndicate ASBA Bidding Locations.*

Interim use of funds

We, in accordance with the policies established by the Board, will have flexibility in deploying the Net Proceeds. The particular composition, timing and schedule of deployment of the Net Proceeds will be determined by us based upon the development of the projects. Pending utilization for the purposes described above, we intend to temporarily invest the funds from the Issue in interest bearing liquid instruments including deposits with banks and investments in mutual funds and other financial products, such as principal protected funds, derivative linked debt instruments, other fixed and variable return instruments, listed debt instruments and rated debentures.

Bridge Loan

We have currently not raised any bridge loans against the Net Proceeds. However, depending on business requirements, we might consider raising bridge financing facilities, pending receipt of the Net Proceeds.

Monitoring Utilization of Funds

As the size of the Fresh Issue will not exceed Rs. 5,000 million, the appointment of Monitoring Agency would not be required as per Regulation 16 of the ICDR Regulations. Our Board will monitor the utilization of the proceeds of the Issue. Our Company will disclose the details of the utilization of the Issue proceeds, including interim use, under a separate head in our financial statement specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements of our listing agreements with the Stock Exchanges and in particular, clause 49 of the Listing Agreements. The statement shall be certified by our Statutory Auditors. Further, in terms of clause 43A of the Listing Agreements, we will furnish to the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds from the objects stated in the Prospectus. Further, this information shall be furnished to the Stock Exchanges along with the interim or annual financial results submitted under clause 41 of the Listing Agreement and shall be published in the newspapers simultaneously with the interim or annual financial results, after placing it before the Audit Committee in terms of clause 49 of the Listing Agreements.

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

BASIS FOR THE ISSUE PRICE

The Issue Price will be determined by our Company and the Selling Shareholder, in consultation with the BRLMs, on the basis of the demand from investors for the Equity Shares through the Book Building Process. The face value of the Equity Shares is Rs. 10 each and the Issue Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Investors should also refer to the sections titled "*Risk Factors*" and "*Financial Information*" on pages x and 163, to have an informed view before making the investment decision.

QUALITATIVE FACTORS

We believe that we have the following principal competitive strengths:

(a) Leadership in exports market for studded jewellery, (b) access to advanced technology and modern machinery, (c) strong and long-term relationship with our customers, (d) integrated player with domain knowledge, (e) experience of our Promoter and a strong management team, and (f) strong sales and marketing network.

For more details on qualitative factors, refer to the section titled "*Our Business*" on page 107.

QUANTITATIVE FACTORS

Information presented in this section is derived from our unconsolidated and consolidated restated financial statements prepared in accordance with Indian GAAP.

Some of the quantitative factors which may form the basis for computing the Issue Price are as follows:

1. Earnings per Share (EPS):

As per the Company's restated unconsolidated summary statements:

Year / Period Ended	Basic EPS* (Rs.)	Diluted EPS* (Rs.)	Weight
Year Ended March 31, 2009	4.69	4.69	1
Year Ended March 31, 2010	13.79	13.79	2
Year Ended March 31, 2011	22.19	22.11	3
Weighted Average	16.47	16.43	
Three Months Ended June 30, 2011	4.30**	4.28**	

**The Company has issued 5,923,707 Bonus shares (in the ratio 1:2) on September 4, 2010, the same had been considered for calculation of EPS / Diluted EPS for the year ended March 31, 2009 and 2010.*
*** Not annualised.*

As per the Company's restated consolidated summary statements:

Year / Period Ended	Basic EPS* (Rs.)	Diluted EPS* (Rs.)	Weight
Year Ended March 31, 2009	4.76	4.76	1
Year Ended March 31, 2010	13.57	13.57	2
Year Ended March 31, 2011	22.81	22.73	3
Weighted Average	16.72	16.68	
Three Months Ended June 30, 2011	4.12**	4.10**	

**The Company has issued 5,923,707 Bonus shares (in the ratio 1:2) on September 4, 2010, the same had been considered for calculation of EPS / Diluted EPS for the year ended March 31, 2009 and 2010.*
*** Not annualised.*

(1) Earnings per share represents basic earnings per share calculated as net profit attributable to equity shareholders as restated divided by a weighted average number of shares outstanding during the year.

(2) Face value per share is Rs. 10.

Note:
a) The earning per share has been calculated on the basis of the restated profits and losses of the respective years.
b) The denominator considered for the purpose of calculating the earnings per share is the weighted average number of Equity Shares outstanding during the year.
c) The earning per share calculations have been done in accordance with Accounting Standard 20- "Earning per share" notified by the Companies (Accounting Standards) Rules, 2006, as amended.

2. Price Earning Ratio (P/E ratio)

The Price/Earning (P/E) ratio, on the basis of an Issue Price of Rs. [●] per share is as set forth below:
a) As per the Company's restated unconsolidated summary statements:
(i) for the year ended March 31, 2011: [●]
(ii) for the year ended March 31, 2010: [●]
(iii) for the year ended March 31, 2009: [●]

b) As per the Company's restated consolidated summary statements:
(i) for the year ended March 31, 2011: [●]
(ii) for the year ended March 31, 2010: [●]
(iii) for the year ended March 31, 2009: [●]

c) Peer Group P/E –
a. Highest: [●]
b. Lowest: [●]
c. Industry composite: 13.8

Source: Capital market Volume XXVI/22 Dec 26, 2011-Jan 08, 2012

3. Return on Net Worth:

Return on net worth as per the Company's restated unconsolidated summary statements:

Year / Period Ended	RONW (%)	Weight
Year Ended March 31, 2009	5.38	1
Year Ended March 31, 2010	13.67	2
Year Ended March 31, 2011	18.21	3
Weighted Average	14.56	
Three Months Ended June 30, 2011	3.43#	

 # not annualised

Return on net worth as per our Company's restated consolidated summary statements:

Year / Period Ended	RONW (%)	Weight
Year Ended March 31, 2009	5.45	1
Year Ended March 31, 2010	13.45	2
Year Ended March 31, 2011	18.58	3
Weighted Average	14.68	
Three Months Ended June 30, 2011	3.27#	

 # not annualised

4. Minimum Return on Increased Net Worth required to maintain pre-issue earning per share for the year ended March 31, 2010:

a. Based on basic earning per share:

At the Floor Price: [●]% and [●]% based on the restated unconsolidated and restated consolidated summary statements, respectively.
At the Cap Price: [●]% and [●]% based on the restated unconsolidated and restated consolidated summary statements, respectively.

b. Based on diluted earning per share:
At the Floor Price: [●]% and [●]% based on the restated unconsolidated and restated consolidated financial statements, respectively.

At the Cap Price: [●]% and [●]% based on the restated unconsolidated and restated consolidated financial statements, respectively.

5. Net Asset Value per Equity Share (adjusted for bonus issue):

a. On Unconsolidated basis

NAV as at June 30, 2011	Rs. 125.34 per equity share
NAV as at March 31, 2011	Rs. 121.18 per equity share

b. On Consolidated basis

NAV as at June 30, 2011	Rs. 126.07 per equity share
NAV as at March 31, 2011	Rs. 122.10 per equity share

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c. Issue Price: [●]*

As of March 2011 (unconsolidated) after the Issue [●]
As of June 30, 2011 (unconsolidated) after the Issue [●]

As of March 2011 (consolidated) after the Issue [●]
As of June 30, 2011 (consolidated) after the Issue [●]

*Issue Price per Share will be determined on conclusion of the Book Building Process.

Net asset value per Equity Share represents the net worth, as restated, divided by the number of Equity Shares outstanding at the end of the period.

6. Comparison with Industry Peers:

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

	Face Value (Rs.)	**Revenue for the year ended March 31, 2011 (Rs. in Million)**	**Basic EPS as of March 31, 2011 (Rs.)**	**Diluted EPS as of March 31, 2011 (Rs.)**	**P/E (times)**	**Return on Net Worth (%)**	**Net Asset Value per Equity Share (Rs.)**
Tara Jewels Limited (consolidated)	10	11,394.05	22.81	22.73	[●]	18.58	122.10
Peer Group(1)							
Titan Industries	10	65,848.72	97.57	97.57	41.93	42.14	233.30

	Face Value (Rs.)	Revenue for the year ended March 31, 2011 (Rs. in Million)	Basic EPS as of March 31, 2011 (Rs.)	Diluted EPS as of March 31, 2011 (Rs.)	P/E (times)	Return on Net Worth (%)	Net Asset Value per Equity Share (Rs.)
Limited*							
Gitanjali Gems Limited	10	94,564.02	41.81	35.95	9.63	14.10	298.06
Goenka Diamond & Jewels Limited.	10	5,609.89	13.72	13.72	2.39	16.29	83.72
Renaissance Jewellery Limited+	10	8,621.75	16.05	16.05	5.42	11.61	138.23

(1) Source: Respective Annual Reports for 2011 which are on a consolidated basis.

•For Peer group companies the EPS, RONW and Book Value (B.V.)/NAV per equity share figures are based on the Consolidated audited results for the year ended March 31, 2011. P/E ratio is based on the consolidated Diluted EPS for the financial year ending March 31, 2011 and Market Price (BSE) as on December 23, 2011
• Net Asset Value = Shareholders' funds (i.e. Share Capital plus Reserves and Surplus plus convertible warrants less Miscellaneous Expenditure to the extent not written off)/actual paid-up number of shares outstanding as on the respective financial year ending
• RONW = Profit after Tax /Shareholders' funds (i.e. Share Capital plus Reserves and Surplus plus convertible warrants less Miscellaneous Expenditure to the extent not written off) X 100
• Revenue taken from Annual Report as respective sales given in the annual report.
**Titan Industires Limited in the current financial year has done a bonus issue and the shares of the company have also gone through a split. For calculation of the P/E ratio EPS of the company was accordingly adjusted for the same.*
+ For Renaissance Jewellery Limited - have included convertible warrants for calculation of Net Asset Value and RONW.

The Issue Price has been determined by our Company and the Selling Shareholder in consultation with the BRLMs and on the basis of assessment of market demand for the Equity Shares through the Book Building Process. The BRLMs believe that the Issue Price of Rs. [●] is justified in view of the above qualitative and quantitative parameter.

STATEMENT OF TAX BENEFITS

To,

The Board of Directors,
Tara Jewels Limited
Plot No.122, 15th Road,
Near IDBI Bank,
MIDC, Andheri (E),
Mumbai – 400 093

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 Tara Jewels 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 shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which is based on business imperatives 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 do not express any opinion or provide any assurance as to whether:

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

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

The contents of the enclosed 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 Tara jewels limited. We shall not be liable to Tara Jewels limited for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally 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 C. B. CHHAJED & Co.
Chartered Accountants
Registration No. 101796W

Neelesh C. Chhajed
Partner
Membership No.: 048057
Place: Mumbai
Date: 29.12.2011

STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO TARA JEWELS LTD.

(THE "COMPANY") AND TO ITS SHAREHOLDERS

I. Special Benefits currently available to the Company

Under the Income Tax Act, 1961

1. Section 10A of the Income-Tax Act provides that the Company is eligible to claim a benefit with respect to profits derived by its undertaking situated in a Special Economic Zone ("SEZ") from the export of articles or things or computer software 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. 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 SEEPZ SEZ for the first five consecutive assessment years (i.e. from April 1, 2003 to March 31, 2008) and 50% of such profits and gains for the next two consecutive assessment years (i.e. from April 1, 2008 to March 31, 2010) and for balance three years (i.e. from April 1, 2010 to March 31, 2013), deduction of 50% of such profits is available provided an equivalent amount is credited to the "Special Economic Zone Re-investment Allowance Reserve Account" to be utilised for the purposes of business of the Company as may be prescribed.

   The Company is required to pay Minimum Alternate Tax ("MAT") at the applicable rate (plus applicable surcharge and education cess) of their book profits under section 115JB of the Income-Tax Act from the financial year 2007-08.

2. Under Section 10AA of the Income Tax Act, the Company is eligible, subject to the prescribed conditions, deduction of 100% of the profits and gains derived from re-export of imported goods from its trading unit at SEEPZ SEZ for the first five consecutive assessment years (i.e. from April 1, 2006 to March 31, 2011) and 50% of such profits and gains for the next five consecutive assessment years (i.e. from April 1, 2011 to March 31, 2016). The Company is also eligible for deduction of such profits and gains for the next five consecutive assessment years (i.e. from April 1, 2016 to March 31, 2021) of so much of the amount, not exceeding fifty percent of the profits and gains of respective year, as is credited to ―Special Economic Zone Re-investment Reserve Account to be utilized for the purposes of business of the Company as may be prescribed.

II. General Tax Benefits available to the company

Under the Income-Tax Act, 1961

1. As per the provisions of section 115JAA(1A) of the Income-Tax Act, credit is allowed in respect of any MAT paid under section 115JB of the Income-Tax Act for any assessment year commencing on or after 1st day of April 2006. The MAT credit eligible to be carried forward will be the difference between MAT paid and the tax computed on total income as per the other provisions of the Income-Tax Act for that assessment year. Such MAT credit is allowed to be carried forward for set off 10 assessment years succeeding the assessment year in which credit becomes allowable.

2. Dividend income referred to in section 115-O earned by the Company from domestic Company /companies, will be exempt under section 10(34) of the Income-Tax Act.

3. As per section 10(35) of the Income-Tax Act, the Income received in respect of the units of a Mutual Fund specified under clause (23D) of section 10 of the Income-Tax Act shall be exempt in the hands of the Company.

4. Income arising on transfer of equity shares of a company or units of an equity oriented fund held by the Company will be exempt under section 10(38) of the Income-Tax Act if the said asset is a long-term capital asset (i.e. held for more than 12 months) and securities transaction tax has been charged on the said transaction. However, the said exemption will not be available to the company while computing the book profit and payable under section 115JB of the Income-Tax Act.

5. The long-term capital gains arising to the Company from the transfer of listed securities or units, as defined, not covered under para 5 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.

6. The long-term capital gains not covered under para 4 and 5 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.

7. 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.

8. 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 not covered under para 6 above 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 in the purchase of long-term specified assets.

   A "long term specified asset" means any bond, redeemable after three years and issued on or after the 1st day of April 2007:

   i. by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

   ii. by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

9. The Company will be entitled to amortise 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.

10. Under section 35DD of the Income Tax Act, the Company is entitled to deduction equal to one fifth of expenditure incurred exclusively for the purpose of amalgamation or demerger for five years beginning with the previous years in which amalgamation or demerger takes place.

11. 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 and the balance shall be allowed to be carried forward for next 8 assessment years subject to the provisions of the Income-Tax Act. Unabsorbed depreciation, 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.

12. 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.

13. 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 this Income-Tax Act.

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

There are no special benefits available to the Resident Shareholders of the Company (including domestic companies) under the Income-Tax Act, 1961

IV. General 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.

   A "long-term specified asset" means any bond redeemable after three years and issue on or after the 1st day of April 2007:

i. by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

ii. by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

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 utilised, 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 utilised 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.

12. 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 this Income-Tax Act.

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 utilised in the purchase of shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of

capital gains shall be applicable in respect of capital gains accruing / arising from every reinvestment thereafter and sale of shares 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.

   A "long-term specified asset" means any bond redeemable after three years and issue on or after the 1st day of April 2007:

   i. by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

   ii. by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

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 utilised, 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 utilised 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.

11. 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 this Income-Tax Act.

B. <u>Special Tax Benefits</u>

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 % (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) without indexation benefit 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 long-term capital gains earned on transfer of such investments 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) without cost indexation and 20% (plus applicable surcharge and education cess) with indexation benefit.

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 specified assets.

   A "long-term specified asset" means any bond redeemable after three years and issue on or after the 1st day of April 2007:

   i. by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

   ii. by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

10. 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.

11. 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.

12. 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.

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 authorised 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

1. 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 the 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.

SECTION IV – ABOUT THE COMPANY

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.

Global Economic Overview

The International Monetary Fund's ("IMF") most recent global economic outlook update (January 2011) has projected global output to expand by 4½ percent in 2011, an upward revision of about ¼ percentage point relative to the October 2010 economic outlook. This reflects stronger-than-expected activity in the second half of 2010 as well as new policy initiatives in the United States that will boost activity this year. But downside risks to the recovery remain elevated. The most urgent requirements for robust recovery are comprehensive and rapid actions to overcome sovereign and financial troubles in the euro area and policies to redress fiscal imbalances and to repair and reform financial systems in advanced economies more generally. These need to be complemented with policies that keep overheating pressures in check and facilitate external rebalancing in key emerging economies. (Source*: IMF- World Economic Outlook Update January 2011*)

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 U.S. Dollars 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 economy 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%	4.60%	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 World	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)

Indian Economy Overview

As per the Revised Estimates of National Income, 2010-11, released by the Central Statistical Organisation on February 7, 2011, growth in GDP during 2010-11 is estimated at 8.6% as compared to the growth rate of 8.0% in 2009-10. The GDP growth was primarily a result of growth rates of over 8% in the sectors of 'manufacturing', 'construction', 'trade, hotels, transport and communication', 'financing, insurance, real estate and business services'. In terms of growth rates, the national income is expected to rise by 8.2 per cent during 2010-11 in comparison to the growth rate of 7.5% in 2009-10.

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 U.S. Dollars 23.4 billion in fiscal 2006 from U.S. Dollars 8.3 billion in

Fiscal 2001. For the period April-May 2011, FDI inflows increased significantly. The increase in FDI was largely led by power, healthcare and pharmaceutical sectors. Net FII flows exhibited a considerable volatility during 2011-12 so far. ECB approvals, however, continued to increase on the back of strong domestic demand and interest rate differentials. The volatility in FII flows warrants a continuous monitoring of the evolving situation. (Source*: Macroeconomic and Monetary Developments – First Quarter Review 2011-12, 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)*

Global Gems and Jewellery Industry Overview

The global gems and jewellery industry over the past decade has witnessed significant changes and reported growth, on account of increasing income as well as demand from the emerging economies across the world. Among the various types of jewellery, diamond studded jewellery accounted for the largest share of the global jewellery market, followed by plain gold jewellery. The growth in demand for diamond-studded jewellery has been due to diamond's inherent value and strong economic growth in key diamond jewellery consuming nations coupled with marketing efforts of diamond companies.

Geographically, the US continues to be the largest consumer for gems and jewellery, followed by China, India, the Middle East and Japan. In Western Europe, the UK and Italy are the largest consumers and Italy is also one of the world´s largest jewellery fabrication centres. The emerging markets, like China, India which have been traditional hubs of jewellery consumption, are expected to develop as the largest consumption markets for both traditional as well as branded jewellery.

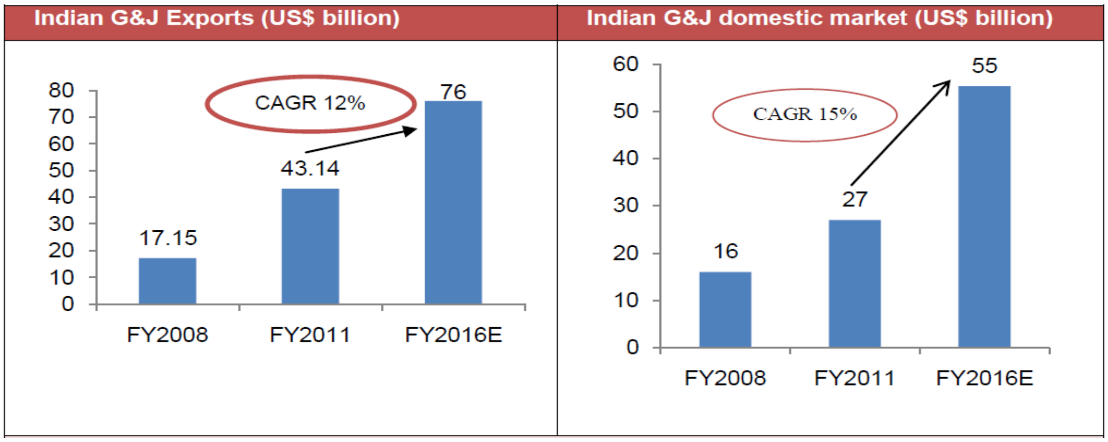
Globally, it is believed that China has the potential to reproduce branded jewellery very cheaply while India can reproduce and interpret the design better for further value addition. By calendar year 2015, it is expected that India and China together will equal the US jewellery market and global gems and jewellery trade is expected to touch U.S. Dollars 230 billion. (Source: *Care Research – Indian Gems and Jewellery Industry, August 2011*)

India's Gems and Jewellery Industry Overview

Gems and jewellery has been culturally imbibed within the Indian civilisation 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. (Source: *Care Research – Indian Gems and Jewellery Industry, August 2011*)

The gems and jewellery industry is highly raw material intensive and companies in the manufacturing sector have their raw material cost at about 65-70% of their operating income whereas companies purely in the trade of diamonds have their raw material costs at about 85-90% of their operating income. With the negligible production of gold, diamonds and precious gemstones in India, almost all the domestic raw material requirements are met by imports. (Source: *Care Research – Indian Gems and Jewellery Industry, August 2011*)

Although during Fiscal 2009 the Indian gems and jewellery industry was critically impacted given the global financial crisis. However, demand for gems and jewellery reported a gradual rebound in Fiscal 2010 and Fiscal 2011, India gems and jewellery related exports was valued at U.S. Dollars 43.14 billion. Following is the graphical presentation of exports and domestic market for Indian gems and jewellery industry:



(Source: *Gems and Jewellery Export Promotion Council, Federation of Indian Chamber of Commerce and Industry as cited in Care Research – Indian Gems and Jewellery Industry, August 2011*)

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*). To meet its consumption requirements for jewellery and investments, India imported gold to the tune of 970.7 tonnes in Fiscal 2011. Almost 95% of the gold imported is used for jewellery. The major supplier countries are Switzerland, South Africa, Australia and UAE. (Source: *World Gold Council as cited in Care Research – Indian Gems and Jewellery Industry, August 2011*)

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%). In 2010, gold imports in India increased 68% year on year to 970 tonnes from 579 tonnes in 2009, whereas the demand for gold increased by 10% year on year globally to 3,971 tonnes in 2010 (Source: *World Gold Council as cited in the Care Research-Indian Gems and Jewellery Industry, August 2011*).

The following table gives break-up of gold demand in India:

(in Tonnes)

Calendar Year	2004	2005	2006	2007	2008	2009
Jewellery consumption	517.5	587.1	526.2	558.2	501.6	405.8
Net retail investment	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)*

Diamonds

India is a leading diamond processor in the world. With the rise in gold prices, consumers are turning to diamond-studded jewellery which gives them a higher perception of luxury and value. The craftsmanship and low cost of Indian diamond processors has given India a competitive advantage in diamond cutting and polishing. India accounts for approximately 60% of global polished diamonds market in terms of value and more than 90% in terms of pieces. India's dominance in the cutting and polishing segment can be attributed to superior craftsmanship, low cost of Indian labour and superior technology. (Source: *Care Research-Indian Gems and Jewellery Industry, August 2011)*

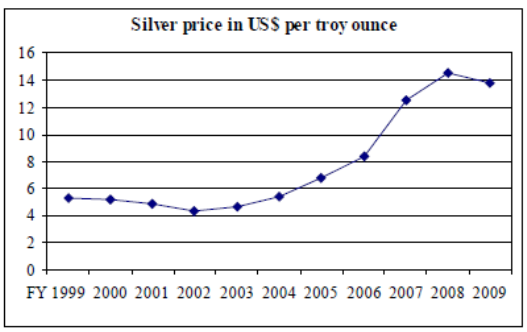
Due to the global slowdown, diamonds are now relatively cheaper when compared to their prices in 2007. With only a gradual recovery from developed markets for diamonds, especially the US, Indian manufacturers have now focused in on the ever-growing demand from domestic market for diamond-studded jewellery. Given these new trends for diamond jewellery, diamond jewellery sales have increased four-fold from U.S. Dollars 1 billion to U. S.

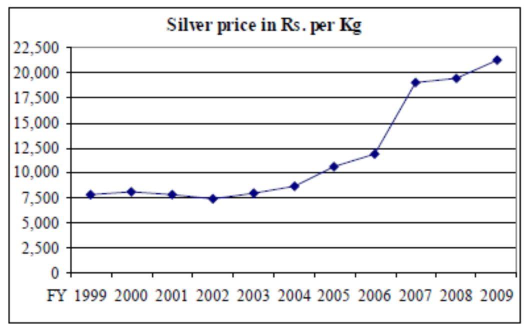
Dollars 4.2 billion in the last four years according to industry experts. (Source: *Care Research-Indian Gems and Jewellery Industry, June 2010*)

According to some estimates, about 25% of the gold jewellery purchasers have switched to diamond because diamond jewellery is typically casted in less-pure 18-carat gold compared to gold jewellery which is made from 22-carat gold.

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 U.S. Dollar and Rs. in the last 10 years:

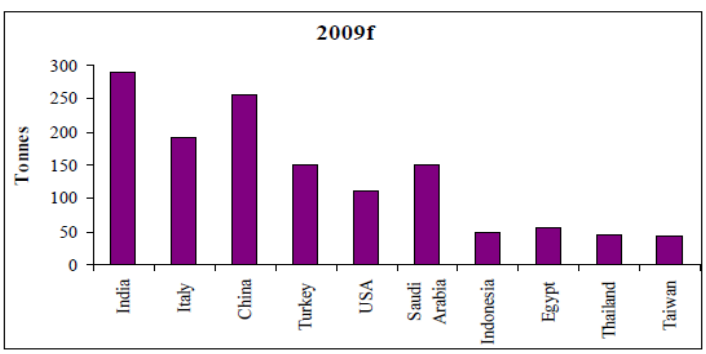




(Source: Centre for Monitoring Indian Economy as cited in the Care Research-Indian Gems and Jewellery Industry, June 2010)

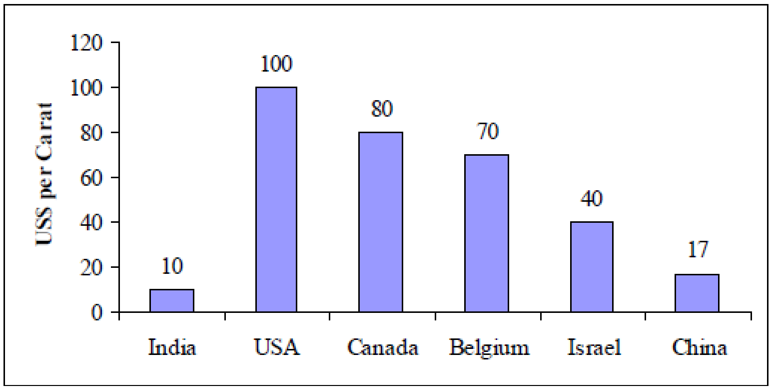
Manufacture of Jewellery

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 2011 the gems and jewellery industry accounted for approximately 17.5% of India's total merchandise exports amounting to U.S. Dollars 43.14 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:

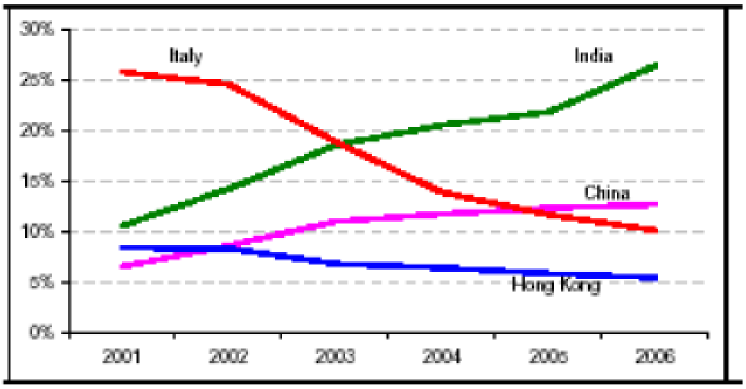
(in billion)

	Fiscal 2009		Fiscal 2010		Fiscal 2011	
	Rs.	U.S. Dollar	Rs.	U.S. Dollar	Rs.	U.S. Dollar
Total C&P Diamond	587.92	13.06	861.26	18.24	1,286.72	28.25
Gold Jewellery	309.58	6.87	458.02	9.68	586.68	12.89
Coloured Gemstones	11.98	0.27	13.58	0.29	14.34	0.31
Pearls	0.17	0.004	0.163	0.003	0.19	0.004
Non-Gold Jewellery	8.72	0.19	19.52	0.42	25.62	0.56
Synthetic Stones	0.05	0.00	0.065	0.0014	0.64	0.01
Costume/Fashion Jewellery	0.41	0.009	0.73	0.0153	N/a	N/a
Sales to Foreign Tourists	2.52	0.06	1.97	0.042	N/a	N/a
Rough Diamonds	34.75	0.77	35.25	0.744	1.21	0.02
Total	**956.10**	**21.23**	**1,390.56**	**29.44**	**1,915.40**	**43.14**

(*Source: Gems and Jewellery Export Promotion Council Annual Report as cited in the Care Research-Indian Gems and Jewellery Industry, August 2011*)

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, August 2011). 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 by 50.5% in Fiscal 2011 (Source: *Care Research-Indian Gems and Jewellery Industry, August 2011).*

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, August 2011)

Country wise exports of gold jewellery

The export of the gems and jewellery industry grew at a Compounded Annual Growth Rate (CAGR) of 21.33%, from Fiscal 2002 to Fiscal 2011. The total exports for Fiscal 2011 is U.S. Dollar 43.14 billion which is more than 46.56% more than the exports in Fiscal 2010. The major gems and jewellery export destinations in Fiscal 2011 were the US (11%), the UAE (47%), Hong Kong (22%) and Belgium (5%). The industry has been able to reduce its dependence on the US market and explore other markets like the UAE and Hong Kong. (Source: *Care Research-Indian Gems and Jewellery Industry, August 2011)*

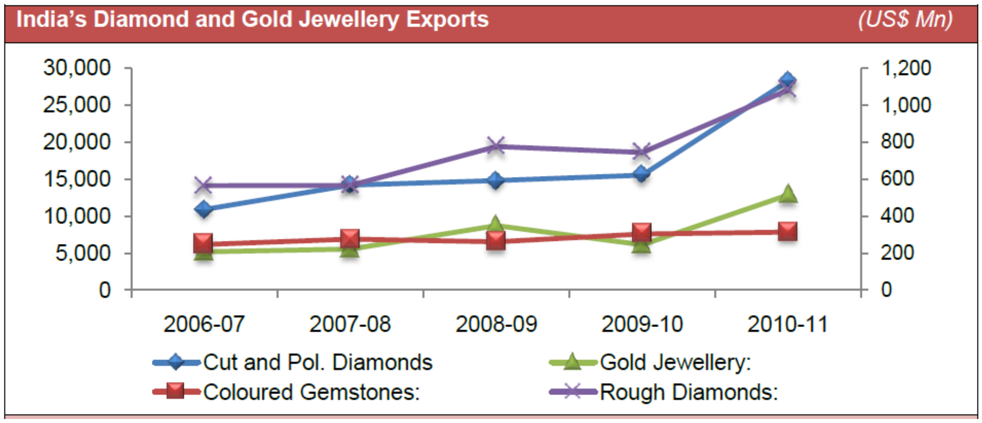
Following is the country wise exports for the Fiscal 2011, 2010 and 2009:

(in Rs. billion)

	Fiscal 2009	**Fiscal 2010**	**Fiscal 2011**
USA	186.61	194.26	210.9
UAE	305.24	607.73	900.43
Hong Kong	238.82	311.17	421.36
Belgium	68.65	76.85	95.9
Singapore	27.77	35.65	19.09
Israel	34.12	38.64	57.28
Japan	12.46	13.18	19.09
Thailand	14.45	15.82	19.09
UK	11.34	15.32	19.09
Switzerland	8.05	5.71	-
Germany	5.14	5.18	-
Australia	5.22	8.75	19.09
China	-	20.01	38.18
Netherland	-	5.75	-
Others	38.23	36.55	95.9
Total	**956.10**	**1390.56**	**1915.40**

(Source: GJEPC Annual Report as cited in the Care Research-Indian Gems and Jewellery Industry, August 2011)

The following table gives the break-up of exports of diamond and gold jewellery by India:



(*Source: Gems and Jewellery Export Promotion Council as cited in the Care Research-Indian Gems and Jewellery Industry, August 2011*)

Import of Jewellery

India's import of gems and jewellery increased by 45.39% in Fiscal 2011 to U.S. Dollars 41.93 billion from U.S. Dollars 28.84 billion in Fiscal 2010. The total imports of gems and jewellery sector grew at a CAGR of 25.74% for the period Fiscal 2002 to Fiscal 2011. On a year on year basis the imports of rough diamonds has increased by 31.82%, gold bars registered a 10.78% increase and cut and polished diamonds increased by 78.94%.

Following is the tabular representation of import of raw materials for Fiscal 2011, 2010 and 2009:

Items	Fiscal 2009		Fiscal 2010		Fiscal 2011	
	(in Rs. billion)	(in U.S. Dollar billion)	(in Rs. billion)	(in U.S. Dollar billion)	(in Rs. billion)	(in U.S. Dollar billion)
Total Rough Diamonds	**352.51**	**7.96**	**427.42**	**9.05**	**544.34**	**11.93**
Rough Col. Gemstones	4.81	0.11	5.54	0.12	6.65	0.15
Raw Pearls	0.25	0.01	0.23	0.00	0.32	0.01
Rough Synthetic Stones	0.14	0.00	0.11	0.00	0.41	0.01
Gold Bar	211.93	4.64	354.39	7.47	377.14	8.28
Silver Bar	1.19	0.03	1.50	0.03	1.76	0.04
Platinum	37.74	0.89	0.21	0.00	1.38	0.03
Cut & Polished Diamonds	**407.31**	**8.98**	**547.47**	**11.61**	**947.04**	**20.77**
Other Items	21.76	0.39	26.10	0.55	32.90	0.72
Grand Total	**1,037.66**	**23.00**	**1,362.96**	**28.84**	**1,911.94**	**41.93**

(Source: Gems and Jewellery Export Promotion Council as cited in the Care Research-Indian Gems and Jewellery Industry, August 2011)

Retailing Jewellery Industry

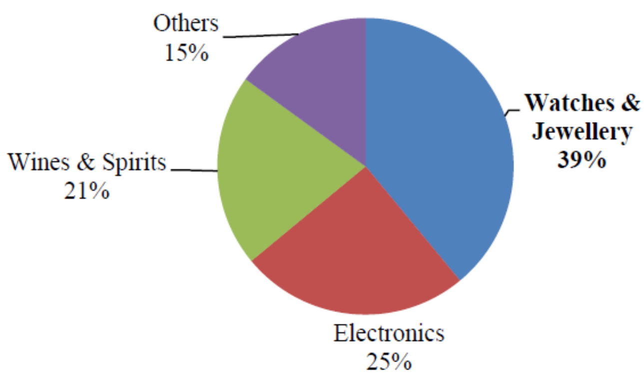
In India, organised retailers account for a mere 4% of the total jewellery retail market. This is because of the buyers' preference and trust in their neighbourhood goldsmith. Even the standardisation of designs is not possible due to varying local tastes. There are about 15,000 players across the country in the gold processing industry, 450,000 gold smiths spread across the country and more than 6,000 players in the diamond-processing industry. Organised players have been growing steadily, carving a market share of 4%. 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. (Source: *Care Research-Indian Gems and Jewellery Industry, August 2011)*

The mall culture is fast catching-up in tier-II & tier-III Indian cities and the organised retailers planning to capture a greater share of the growing organised retail pie through increased store presence, the growth of organised retailing is expected to be fuelled by increasing spend on discretionary segments i.e. clothing & footwear, furniture & furnishing and entertainment, gems and jewellery. It is expected that the increasing penetration of organised retailing would be backed by growing share of private label brands in the total retail sales in view of the higher margins as well as increasing the varieties of products on offer. Also, in order to drive revenue growth, organised retailers are expected to expand their store presence in the smaller towns and cities of India owing to increasing competition amongst the retailers in tier-I cities. Furthermore, factors such as low availability of premium mall spaces in tier-I cities compared to its easy availability in tier-II & III cities, growth in urbanisation and standard of living & availability of manpower at cheaper rates augur well for the growth of organised retailing.

It is anticipated that large investments of greater than US$1 billion is expected in the Indian G&J industry in the next few years which would be made by large retailers or brands and would catalyze the growth of the industry by setting higher standards and by creating value across the value chain. (Source: *FICCI reports as cited in the Care Research-Indian Gems and Jewellery Industry, August 2011)*

Luxury Retailing in India

The increase in disposable income of the Indian populace coupled with the willingness to spend has marked the rise of the Indian luxury market. With the gradual entry of US and European luxury brands in India in view of the largely untapped market, the luxury retail market size in India stood at U.S. Dollars 3.5 billion during 2009. Following is the representation of segment wise break-up of Indian luxury market, where the sale of watches & jewelleries account for the highest proportion:



(Source: *Care Research-Indian Gems and Jewellery Industry, August 2011)*

The Indian luxury market is expected to jump ten-fold from U.S. Dollars 3 billion in 2010 to approximately U.S. Dollars 30 billion by 2015 and a significant majority of about U.S. Dollars 9 billion will be jewellery. Also, by 2015 India and China will capture about a quarter of the global luxury market given economic growth in these two countries. (Source: *Solitaire Magazine - GJEPC, May 2011 issue as cited in Care Research-Indian Gems and Jewellery Industry, August 2011*)

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, 450,000 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 U. S. Dollars 185 billion in 2010 and U. S. Dollars 230 billion by the year 2015 growing at CAGR of 4.6% between 2010 and 2015. In 2005, sales totalled U.S. Dollars 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 U.S. Dollars 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 U.S. Dollars 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 26.2 years, one of the lowest in the world compared to 36.9 years in the US and 44.8 in Japan. The urban population currently accounts for 29% of the total population and is expected to increase to 40% by the year 2030. With rising young and urban population, the gems and jewellery industry is poised for a significant growth going forward. (*Source: Care Research-Indian Gems and Jewellery Industry, August 2011*)

Rising income, urbanisation and increasing saving levels

India is poised for a strong economic growth and it is expected that India's annual real GDP will grow at CAGR of 8.53% between 2010 and 2020 (Source: IMF data as cited in *Care Research-Indian Gems and Jewellery Industry, August 2011)*. Urban population in India now comprises 30% of the total population and is estimated that the percentage of urban population will increase to 41% of the total population by 2030 (Source: *United Nations data,* as cited in *Care Research-Indian Gems and Jewellery Industry, August 2011).*

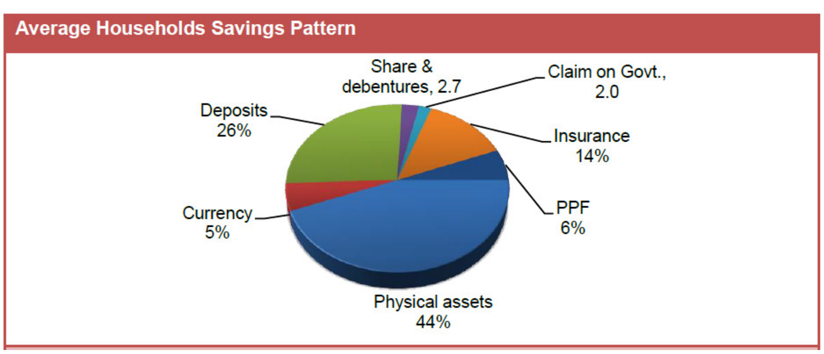
Following is the table representation of India's per capita GDP:

(*in Rs.*)

	Fiscal 2005	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010
Per capita GDP (at constant prices)	33,700	35,980	38,763	41,424	44,279	47,419

(Source: Business Beacon as cited in the Care Research-Indian Gems and Jewellery Industry, August 2011)

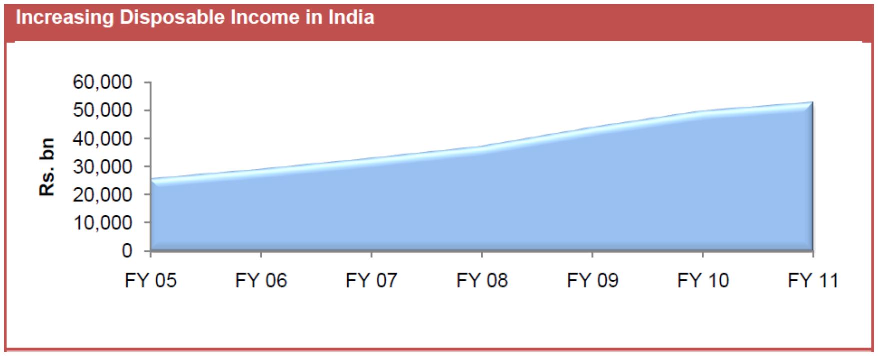
The average household savings are expected to triple during the period from 2010 to 2020; the average savings rate in India is about 30-40% and the traditional saving opportunities being gold and silver which helps in furthering demand for gold. The average investment pattern of savings in India is as:



(Source: *World Gold Council, as cited in Care Research-Indian Gems and Jewellery Industry, August 2011)*

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:



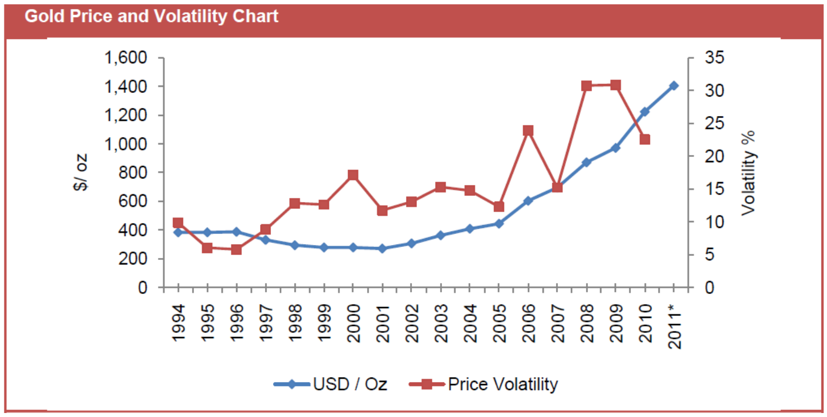
(Source: Centre for Monitoring Economy as cited in the Care Research-Indian Gems and Jewellery Industry, August 2011)

Pricing analysis

Gold

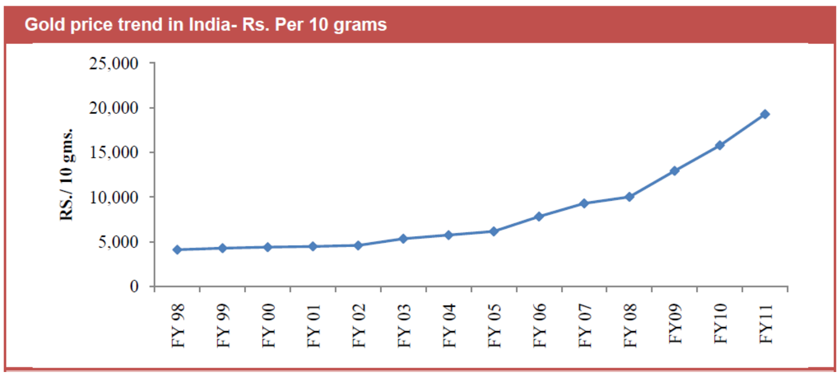
Gold is one of the most essential materials in any jewellery making and the price of gold is determined by the fundamental demand-supply dynamics of the bullion market. Gold for ages is considered a safe haven asset and provides a sense of security during economic uncertainty. With the recent weakness in world economy and high fiscal debt levels of major western countries, gold has yet again charmed many investors attracting a lot of attention which is reflected in its record high prices in the last two years. Incidentally, the Indian consumer is very price sensitive and remains risk averse when the prices are volatile.

The demand for gold increased by 10% year on year globally to 3,971 tonnes in 2010 while in first quarter of 2011 it increased 11% year on year to 981.3 tonnes. India imported approximately 970 tonnes of gold in 2010 compared to 579 tonnes in 2009 which is a 68% year on year increase. This drastic increase in demand is a result of improved economic conditions and a simultaneous increase in inflation. Gold is considered as a natural hedge against inflation and forms a safe haven asset in uncertain times due to its intrinsic qualities. It is also generally inversely related to the strength of the US Dollar which is expected to remain soft compared to other major currencies in the foreseeable future. Gold price recorded historic levels of U.S. Dollars 1,386.27 per ounce during first quarter of 2011 and in India prices reached upwards of Rs.20,466 per 10 grams during the same period. In India, the U.S. Dollar and INR exchange rate plays an important role in determining the gold price and demand. Gold is also heavily traded on the futures market in India and abroad and the recent record price of gold is partly believed to higher trading volumes on the futures exchange. (Source: *World Gold Council data as cited in Care Research-Indian Gems and Jewellery Industry, August 2011)*



*indicated provisional figures for 2011 include months (January to April)

(Source: *World Gold Council data as cited in Care Research-Indian Gems and Jewellery Industry, August 2011)*



(Source: *Centre for Monitoring Indian Economy as cited in the Care Research-Indian Gems and Jewellery Industry, August 2011)*

Diamond

Diamonds are not considered "normal" fungible commodity. For normal commodities, demand decreases as price increases. However, it is not the case with diamonds especially large diamonds which fetch millions of dollars in auctions conducted worldwide. These are "Veblen Goods" where people's preference for buying them increases with the increase of price as they are perceived as exclusive and high-status products.

Below is the analysis of average diamond prices per carat for the top 25 grades of diamonds (D-H colour, IF-VS2 clarity). As seen in the table below, prices of large diamonds have increased at a much faster pace whereas the price for 0.5 ct has remained stagnant.

Following is the tabular representation of diamond pricing in past 11 years for diamonds with different caratage:

(for Rounds RDI in U.S. Dollar)

Calendar Year	0.5 carat	1 carat	3 carat	5 carat
1999	47.7	82.8	181.6	263.2
2000	47.8	85.9	190.0	270.0
2001	46.0	85.6	190.4	269.8
2002	46.3	85.6	192.2	270.4
2003	46.3	86.0	192.8	270.9
2004	46.9	92.8	213.4	289.0
2005	46.6	94.4	239.8	336.5
2006	45.9	94.4	253.4	369.3
2007	45.9	98.4	292.8	563.4
2008	46.5	111.4	322.1	646.4
2009	45.7	109.3	315.5	617.5

Calendar Year	0.5 carat	1 carat	3 carat	5 carat
2010	45.7	116.1	370.0	682.2

(Source: Report as cited in the Care Research-Indian Gems and Jewellery Industry, August 2011)

OUR BUSINESS

In this section, unless the context requires otherwise, any reference to "we", "our" and "us" refers to our Company and our Subsidiaries on a consolidated basis.

Overview

We are an integrated player in the jewellery industry with experience ranging from designing to retailing of jewellery. We are conferred with the status of a Star Trading House by the Ministry of Commerce & Industry, Government of India and have been the highest exporter in gems and jewellery sector for the years 2008-2009 and 2009-2010 (*Source*: *SEEPZ-SEZ Export Award*). Our business can be divided into three operations namely, manufacturing, exporting and retailing. Our portfolio of products includes gold, platinum, honeydium, and silver jewellery with or without studded precious and semi-precious stones. Our products have presence across different price points and cater to customers across high-end, mid-market and value market segments.

We have four manufacturing units, of which one is located in Panyu, China. The other three units are located in Mumbai, India out of which two units are situated in SEEPZ and one in MIDC. For the three months period ended June 30, 2011 and Fiscal 2011, 2010 and 2009 we have achieved an aggregate production of 508.31 kgs, 4,753.25 kgs, 2,562.91 kgs and 1,551.50 kgs of jewellery, respectively. Our manufacturing units are spread over an area of 84,584 square feet employing 41 designers and 1,066 craftsmen, as on November 30, 2011.

We export studded jewellery which is manufactured by us and by third party manufacturers. We export studded jewellery to jewellery chains including Christ Uhrean & Schmuck and retailers including Walmart. We primarily export to Australia, China, Canada, European Union, South Africa, UAE, UK and USA. In the European Union, we export to 14 countries including Austria, Germany and Switzerland. Our Company's income from export operations has grown at a CAGR of 7.78% from Fiscal 2009 to Fiscal 2011. For the three months period ended June 30, 2011, Fiscal 2011, 2010 and 2009, our income from export operations constitutes 72.98%, 80.94%, 97.61% and 99.37% of our total income, respectively.

We conduct our jewellery retail operations under the brand "Tara Jewellers". We entered jewellery retailing in India in October 2008 with the launch of our Existing Store at Andheri, Mumbai and as on November 30, 2011 we operate 29 Existing Stores spread over an aggregate area of 29,229.01 square feet. We intend to launch 20 Project Stores across India by December 31, 2012. Our retail stores span across suburban areas of metro cities, mini metros and cities with higher concentration of mid-income segment. Our sales from retail operations increased to Rs. 932.68 million in Fiscal 2011 from Rs. 142.74 million in Fiscal 2010 and Rs. 23.33 million in Fiscal 2009 at CAGR of 532.28%.

Our Company has been designated as a Nominated Agency for the purposes of direct import of precious metal by the Ministry of Commerce & Industry, Government of India. Our Company for one of its manufacturing units situated in SEEPZ has been awarded as second highest and highest net foreign exchange earner for the period 2008-2009 and 2009-2010, respectively (*Source*: *SEEPZ-SEZ Export Award*). We have also been awarded with "Second Highest Exporter" award for the year 2006-2007, 2007-2008 and 2008-2009 among EPZ and EOU complexes by Gems and Jewellery Export Promotion Council. Further, we have received the "Global Supplier of the Year" award from the Walmart for 2005 and 2007, and our Ultimo unit situated at SEEPZ, Mumbai has received "Green" assessment during Walmart's ethical standard audit in 2010. All our operations are integrated into SAP.

Our Promoter, Mr. Rajeev Sheth, is a certified gemologist from Gemological Institute of America, USA and bench jeweller trained in USA and Japan. He has over 31 years of manufacturing and retail experience. He is also responsible for introducing concepts like flexible manufacturing units and turntable technology in our Company.

For the three months period ended June 30, 2011, Fiscal 2011, 2010 and 2009, our total income was Rs. 3,503.72 million, Rs. 11,408.14 million, Rs. 8,159.52 million and Rs. 7,998.87 million, respectively. Our total income grew at a CAGR of 19.42% from Fiscal 2009 to Fiscal 2011. For the three months period ended June 30, 2011, Fiscal 2011, 2010 and 2009 our net profit after tax and minority interest was Rs. 74.11 million, Rs. 408.31 million, Rs. 241.12 million and Rs. 84.59 million, respectively.

Competitive Strengths

Leadership in exports market for studded jewellery

We have been the highest exporter in gems and jewellery sector for the years 2008-2009 and 2009-2010 and during the same time one of our manufacturing units situated in SEEPZ has been awarded as highest and second highest net foreign exchange earner, respectively. We export to Australia, China, Canada, European Union, UK and USA and supply to large jewellery chains including Christ Uhrean & Schmuck. In the European Union, we export to 14 countries including Austria, Germany and Switzerland. We have grown significantly during the past five years, and our income from export operations has increased from Rs. 6,292.51 million in Fiscal 2007 to Rs. 9,233.67 million in Fiscal 2011.

We believe that the design and quality of our studded jewellery products, coupled with our export customer base, including retail chains and wholesalers, have strengthened our presence in international markets and has also led to securing new business.

Access to advanced technology and modern machinery

We are focused on large scale production and our manufacturing process is technology intensive. We use state of the art equipment for wax injection, investment and casting. For our manufacturing process we rely on essential technologies like wax setting technology and on patented technologies. We own the patented turntable technology and use for multi-skilled workforce, which is an indigenously developed manufacturing facility based on "precision oriented jewellery" concept. We have applied for grant of patent to our invisible plate setting technology for setting princess diamonds in wax. We have also applied for grant of patent on resizable ring technology which enables resizing of rings without disturbing the shape or falling of stones in case of studded rings. Further, we use robotics technology for stone setting in studs. Similarly, we have access to advanced plating technology which allows various types of plating on silver. Recently, we have also applied for grant of patent for miracle plates technology. Miracle plates technology is used in setting diamonds through a push set method and is used in the mountings of diamond jewellery to perceptually enhance the size of the diamonds.

Further, we also use laser technology for stamping and quality testing purposes. The entire production is checked for correct caratage on Fischer assaying machine. Laser soldering machines are used for assembly and laser marking machines for stamping. We also use the metal mould process to achieve lightweight products. We believe that our ability to use the latest machinery and techniques for our precision oriented jewellery enhances our offering capabilities.

Strong and long-term relationship with our customers

We maintain long terms relationships with our key customers, which include several global corporations, by strategically aligning our offerings with their business needs. We follow structured approach for our product development which involves market research, sales analysis, brand development, media campaigns and promotions in our customer's markets. We share our findings with our existing and potential customers in securing new orders. For example, we have partnered with Walmart to provide wholistic marketing and product solutions for studded jewellery. Our approach towards our customers has resulted in various collaborated branding efforts including, "Heart2Heart", "Candy Hearts", "Snow Diamonds" and "Cherished Hearts".

Our long standing partnerships 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 demonstrated technical expertise has helped in forging strong relationships with our major customers and gaining increased business from them. We have a history of high retention of our key customers and derive a significant proportion of our income from repeat business.

We believe our structured approach towards product development, execution capabilities and exposure to the global practices helps us in effective entry into the retail business.

Integrated player with domain knowledge

We are an integrated player with comprehensive knowledge about jewellery industry. In the past 10 years we have spanned the entire value chain starting from job worker to retail operations. We leverage upon our experience from activities like diamond cutting and polishing, job-work, sub-contracting, manufacturing, designing, distribution and wholesale, retail management and retail ownership.

Our understanding of the industry helps us in assessing market opportunities and positioning ourselves accordingly. Since our business is seasonal in nature, we believe forecasting market trends is a significant advantage for our business. Our understanding of jewellery business coupled with our designing capabilities help us in introducing designs for our retail and 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. Further, we believe that we maintain good relations with certain leading Indian diamond houses for continuous supply of diamonds and in certain situations immediate supply of the same. For supply of bullion, we entered into gold 'on loan' agreement with banks namely Bank of India, Union Bank of India, Punjab National Bank, State Bank of India, Bank of Nova Scotia and also source gold directly from international suppliers. We have the capabilities to deliver the goods directly at the retail stores of our customers, in exceptional situations.

Experience of our Promoter and a strong management team

We believe that our qualified and experienced management has substantially contributed to the growth of our business operations. Mr. Rajeev Sheth, Chairman and Managing Director, is also the only Indian director on the board of Jewelers Board of Trade, USA. He has been involved in setting up high-end luxury jewellery boutique, Rose International in 1981 and in the past he was also the managing director of Inter Gold India Private Limited. We also leverage upon his experience in previously setting up jewellery manufacturing in India and Thailand. He has also been involved in setting up Egana India Private Limited, which trades under the brand "Watches & More".

In addition to our Promoter, we have a dedicated management team comprising of Ms. Alpana Deo (joint managing Director), Mr. Vikram Raizada (executive Director- marketing, retail and business development), Ms. Nalini Rajan (Director, finance) and Ms. Aarti Sheth (executive Director). Ms. Alpana Deo is responsible for the overall strategic planning and policy development of our Company. Mr. Vikram Raizada heads our marketing division and is also in charge of new business development. Ms. Nalini Rajan is responsible for planning and control of the finance function. Ms. Aarti Sheth oversees the strategic alliances and new business development for our institutional and retail clients in USA. Our managerial team also includes experienced individuals namely Ms. Ingrid Buchner (director, sales - Europe), Mr. Sherman Chui (president, Tara China Jewelery Limited), Mr. Leonard Meyer (president - sales of our offices in South Africa, Australia and United Kingdom), Mr. Jeffery Shlakman (president - merchandising and product development), Mr. Matthew Fortgang (president – sales, Fabrikant-Tara International LLC) and Mr. Stuart Marcus, (vice president - sales, Fabrikant-Tara International LLC).

Strong sales and marketing network

We have three overseas sales and marketing offices; one each in major continents for our products namely, Europe, Australia and USA. Our marketing teams maintain an ongoing relationship with our international customers. They also regularly solicit prospective customers by providing them with the structured findings and updated catalogues. Our marketing initiatives include participation in international trade fairs and jewellery exhibitions, corporate advertisements in print medium domestically and across electronic mediums. Further, we are associated with various marketing agencies namely, Grandmother India, BCWebwise, Blank slate, Fitch, Concept Communications and Perfect Relations to ensure that our marketing tools remain effective.

In addition to our sales to international customers, we reach our retail customers, through national chains, television, internet, departmental stores, hypermarkets, small chain jewellers, independents and catalogue jewellers. We actively consult external agencies on optimum utilization of marketing spends by using appropriate media vehicle for reaching out to our retail customers.

Business strategies

Expand our retail operations with focus on market expansion

We believe mid-income segment of India's retail jewellery market is largely untapped by organized jewellery companies and see it as a key long-term driver of growth for an integrated large scale 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 ratio of spending to earning is higher in such cities compared to metro cities. We entered retail business in October 2008 and, as on November 30, 2011, we have 29 Existing Stores across India. We are initially targeting west India, central India and NCR regions for opening our retail stores, since our manufacturing facilities are situated in Mumbai. Further, we are also looking at joint venture opportunities to tie-up with designer boutiques to foray into high-end retail jewellery segment.

We believe the critical issues affecting profitability of retail jewellery sector in India are the retail store formats, presentation of products and inventory management. We believe that showcasing excess designs with low differentiation confuses customers and adds significantly to inventory cost. We have developed smart retail store formats with an average area of approximately 1,000 square feet, displaying approximately 650 stock keeping units (SKUs). We believe these format retail stores would help us in maintaining inventory of approximately Rs. 25.00 million. We have appointed global retail development agency Fitch to further develop our retail store concepts and retail identity.

All our retail stores are based on the "company operated" model, which we believe will ensure higher control, better consumer service and higher margins.

Strategic marketing tools to create brand differentiation for retail business

Historically, purchase of diamond jewellery in India has suffered from significant perception barriers. For example, diamond jewellery purchase is considered to be an expensive affair and often requires knowledge about stones and metals, which is complex. We believe the apprehensions of a retail customer can be addressed by educating customers about diamond jewellery. We consider retail stores as a platform to impart basic knowledge about diamond jewellery. We intend to involve customers in various customer education programs through partner organizations like GIA, India at our retail stores.

We have undertaken to make the diamond jewellery purchase process transparent by hiring experienced and trained jewellery consultants demonstrating diamond jewellery expertise, providing complete break-up of the jewellery purchases, and introducing 100% buyback and exchange programs. We believe these measures coupled with customer education programs will boost customer's confidence resulting in higher sales. In addition, we are also engaged in creating brand awareness through print, audio, video and electronic media. We have also appointed advertising and public relations agencies including Contract, Blank Slate, and Perfect Relations to develop appropriate communication for the retail consumer.

We believe educating customers about diamond 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 helps us in creating brand differentiation for our products.

Continue to strengthen our relationship with major customers

We believe our major customers have contributed significantly in the growth of our business. In order to strengthen our relationship with such customers, from time to time we introduce schemes beneficial to their business. Recently, we have recognized the need of our customers to replace jewellery every season with limited amount of investment. As jewellery business is seasonal in nature, for each season new designs of jewellery are introduced. However, at the end of each season our customers are left with certain amount of jewellery, which gradually converts into slow moving jewellery. We believe the slow moving jewellery is a major block for our customers in replacing the jewellery frequently.

Since our manufacturing centres are located in low cost zones, we believe we can expand our export offerings by leveraging upon our capability to recreate new designs of jewellery from slow moving jewellery. We have the capability to merchandizing fresh new designs using the gold and diamonds of slow moving jewellery, to create new jewellery. The new jewellery would result in generating fresh income stream for our customers by unlocking the value of slow moving jewellery. We believe recreating the jewellery for our customers would strengthen our relationship with our customers and at the same time provide insight to the trends prevalent in such markets. Additionally, recreating the jewellery would grant us the market acceptance of our products and visibility of our brands. Recently, we have recreated the slow moving jewellery of Rs. 94.36 million for one of our customers.

Continue to focus on exports for our wholesale business

Our primary wholesale marketing focus has been on export operations where we have sold high volumes directly to certain key customers including Walmart. We are also suppliers to the jewellery chains including Christ Uhrean & Schmuck. We wish to continue leveraging our position as one of the highest exporter of studded jewellery from our units situated at SEEPZ, to further penetrate in our existing markets by expanding our customer base and to enter new geographies.

We intend to expand our customer base in the existing geographies by targeting 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 Australia, China, Canada, European Union, South Africa, UAE, UK and USA. We intend to enter select new markets such as South and Central America for which we are intending to set up a manufacturing facility at Honduras, Central America.

Increased production capacity

Currently, we have four manufacturing units, of which one is located in Panyu, China, two units are located in SEEPZ and one in MIDC areas of Mumbai, India. During the three months period ended June 30, 2011, Fiscal 2011, 2010 and 2009, we achieved an aggregate production of 508.31 kgs, 4,753.25 kgs, 2,562.91 kgs and 1,551.50 kgs, respectively, of jewellery from our manufacturing units. We believe our in-house manufacturing would help us continue to be competitive in our export as well as retail operations, and our goal is to increase our manufacturing capabilities so as to meet a substantial portion of our total sales.

To continue achieving our sales targets, we intend to enhance our production capacities by installing a new manufacturing facility. Looking at the growing international demand for jewellery products, especially in USA, we intend to set-up the manufacturing unit at Honduras, Central America.

Pursue strategic acquisitions in India

In order to expand our operations, we intend to pursue selective strategic acquisitions and joint venture opportunities to augment our capabilities and increase our geographical retail presence. We are identifying targets which are based in regions with growth opportunities, high entry level barriers and distinct operating environment.

We believe the resources and capabilities of such targets are likely to provide in-roads to such regions and offer opportunities for new designs and product offerings. Our potential targets are companies involved in the retail jewellery sector and whose operations can be scaled up by leveraging our expertise.

Operations

Our Company was incorporated in 2001 to undertake the business of manufacturing, exports and retail of jewellery, including studded jewellery. Our current business is broadly divided into three operations namely, manufacturing, exporting and retailing. We offer broad spectrum of products ranging from precious to alternative metals studded in diamonds and colour stones.

We also offer theme based collections for targeted customers. For example our private label Sattva, an India inspired collection of high-end 18 and 22 karat gold studded with diamonds and gemstones, is launched in the UK with H. Samuel and targets the south Asian community living in UK.

We manufacture fashion rings, bridal rings, pendants, necklaces, bracelets, bangles from our manufacturing units situated in India. From our manufacturing unit situated in China we manufacture beads, stainless steel jewellery, bag charms and high end bridal and fashion products. We also offer lifestyle products which include cutlery, bag charms, table top items and includes hand graved, enamel and machine finished products.

Manufacturing operations

We set up our first manufacturing unit in 2001 at SEEPZ, Mumbai with a capacity to produce 500 kgs of jewellery per annum. We currently operate four manufacturing units: three units situated in India and one unit in China. For the three months period ended June 30, 2011, Fiscal 2011, 2010 and 2009, we achieved an aggregate production of 508.31 kgs, 4753.25 kgs, 2,562.91 kgs and 1,551.50 kgs, of jewellery respectively. Our manufactured products contributed 31.08%, 51,63%, 67.87% and 57.02% of our income from sales for the three months period ended June 30, 2011, Fiscal 2011, 2010 and 2009, respectively. The details of our production units are below:

Ultimo unit

Our Ultimo unit is located at SEEPZ, an export promotion zone in Mumbai. It is responsible for manufacture of studded jewellery to meet the export requirements. It is also equipped with state of art machinery and technology. In this unit the jewellery is manufactured in a machine, which distinguishes it from jewellery made through normal wax setting technology. The unit is built on an area of 28,696.59 square feet and as on November 30, 2011 employed 603 workers. Its total annual production capacity is 1,250 kgs of jewellery.

T2 unit

Our T2 unit is also located at SEEPZ, Mumbai. It is responsible for manufacture of prototype and high end studded jewellery to meet our export requirements. It is also equipped to manufacture platinum jewellery. The T2 unit is built on an area of 6,781.26 square feet and as on November 30, 2011 it has employed 90 workers. Its total annual production capacity is 250 kgs of jewellery.

MIDC unit

Our MIDC unit is situated in Mumbai. The unit is on a built up area of 17,654 square feet and has an annual production capacity of 300 kgs of jewellery. This unit caters primarily to the requirement of our retail stores and as on November 30, 2011 employed 173 workers.

Panyu unit

Our Panyu unit is located at Guanghou, China. It is responsible for manufacturing of studded jewellery. The unit is built on 31,452.15 square feet area and has annual production capacity of 400 kgs of jewellery. This unit employed 200 workers as on November 30, 2011.

Our manufacturing operations are integrated into SAP.

Contract manufacturing

We outsource manufacture of jewellery to various local artisans and craftsmen. We usually outsource orders which are simple and voluminous in nature. Under our outsourcing arrangements, we provide the raw materials to ensure quality compliance for our goods. The finished products are then exported by us. We pay the local artisans and craftsmen the crafting charges. For the three months period ended June 30, 2011, Fiscal 2011, 2010 and 2009, crafting charges paid by us form approximately 1.70%, 2.02%, 1.47% and 1.72% of our total income, respectively.

Manufacturing Process

Our manufacturing process includes:

Sourcing of raw materials

Raw materials, which we use for our manufacturing purposes, include gold, silver, platinum, alternate metals, diamond and precious stones like rubies, emeralds and sapphires. For the three months period ended June 30, 2011, Fiscal 2011, 2010 and 2009, the cost of gold formed 34.96%, 39.39%, 39.60% and 31.88% of our total raw material cost, respectively. For our manufacturing facilities in India, we procure raw materials predominantly from domestic markets.

We normally require cut and polished diamonds and colour stones for our business operations. We source diamonds from certain leading vendors spanning across Hong Kong, India, Israel and New York. We place orders based on various factors including pricing, delivery time and quality.

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 bullion suppliers, we fix the price of gold on the date of receipt of the order from the customer. Gold 'on loan' basis is governed by the RBI. We have entered into agreements with Bank of India, Union Bank of India, Punjab National Bank, State Bank of India, and Bank of Nova Scotia to procure gold 'on loan'. Under such arrangements, 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 the order and for retail operations the price of gold is fixed on the date of sales to the customers. For details on gold 'on loan' agreement see section titled "*Financial Indebtedness*" and "*Regulations and Policies*" on pages 275 and 122.

Pursuant to our Nominated Agency designation, we also import gold directly from international suppliers including Aster Commodities and Standard Bank. In case of direct import, the cost of gold is generally fixed at the time of sale of gold or jewellery to our customer.

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 our retail and 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 situated across continents including Mumbai, Hong Kong and Los Angeles. The design studios in India are equipped with CAD and CAM technology and our Hong Kong and Los Angeles offices use this technology virtually. We also deploy electronic data processing for optimal efficiency in production and deliveries to diverse markets.

Currently, our design library contains 46,465 designs and live model inventory of master models for rings, pendent, earrings, bangles and necklaces. Currently, we add on average of 450 models to our library each month which includes bridals, fashion and gents collection.

Production process

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, CNC, casting, etc. However, we deploy casting technology for manufacture of jewellery. In case of mass production of jewellery, manufacturers normally rely on casting technology. Casting technology is known for creating identical pieces in bulk but with precision.

Advanced machines, materials and techniques are used in the initial stages of manufacturing to convert a single prototype into thousands of replicas made of wax. Through casting process, these waxes are converted into metal. The balance manufacturing processes is carried out by the human intervention with minimal machinery involvement.

Multi skilled workforce

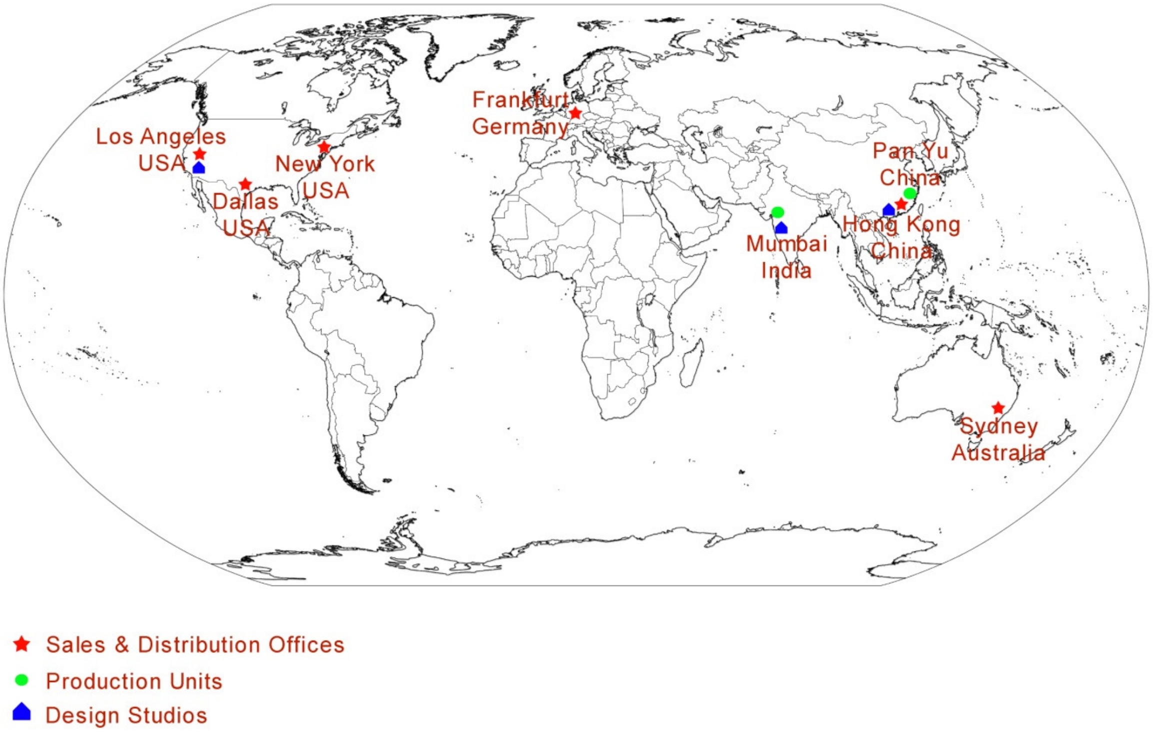
Our manufacturing operations are carried out under flexible manufacturing unit method as opposed to linear method of production. We believe our facilities are set up to have factories within a factory, to avoid any bottlenecks and increase productivity. 'Factories within a factory' ensures that single 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 multiskilled 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.

Below is a step by step description of the stages through which jewellery is manufactured using the casting process:

Order planning	Upon receipt of an order from a customer, the orders are planned and the schedules are uploaded on the system for action by all departments.
Rubber mould cutting	Rubber moulds are used for injecting wax. The rubber moulds are cut based on the approved article received from the customer. Based on the order size, cutting of the rubber moulds takes place.
Wax Injection	Molten wax is then injected in these rubber moulds, which results in wax prototype of the material.
Wax Setting	If the jewellery needs to be studded, then stones are set on the wax piece. The piece is checked from viewpoints of stone security and aesthetics. If the stone need not be set on the wax piece, then the stones are studded through Metal Setting (mentioned below)
Investment	The wax pieces are welded together for casting on another wax stem. The tree is then sent for investment. Investing is the process where wet slurry is poured over the tree, vacuumed to remove any trapped air, and allowed to solidify to form the shape of the wax pieces.
Casting	Once the process of hardening the investments in the furnaces gets over, the molten metal is poured in the cavity. The casting is then cooled and the solidified investment powder is removed.
Mechanical Finishing	The pieces have some scales from casting which are removed in this process.
Assembly	A multi component jewellery gets assembled in the process.
Setting Repair	If there is any repair needed on the wax set piece, then it is carried out in this process before sending for polishing.
Metal Setting	If a material is not wax set, or is partly wax set, then stones are set in this process in the metal piece after pre-polishing.
Polishing	The metal piece is polished using buffs and luster. The metal is polished to the extent of giving good shine and meeting the end weight requirement.
Coating	The material might require plating of rhodium, gold, enamel or any other form of coating which is then applied at this work centre.
Quality	The finished product is subjected to statistical quality control tools to achieve expected quality products, customer satisfaction, reliability and to avoid rework in manufacturing process. At times we also engage government certified agencies for certification.
Packing and dispatch	Such quality passed pieces are sent for packing and then dispatched.

Export Operations

We primarily export our products to the Australia, China, Canada, European Union, South Africa, UK and USA. Following is the world map reflecting our sales and distribution offices, production units and design studios globally.



Following table depicts our region-wise export operations to our top 10 markets, based on income from export operations for Fiscal 2011:

Region	Amount (in Rs. million)							
	Three months period ended June 30, 2011	**As % of total exports**	**Fiscal 2011**	**As % of total exports**	**Fiscal 2010**	**As % of total exports**	**Fiscal 2009**	**As % of total exports**
USA	651.37	25.47	4,251.30	46.04	3,722.00	46.73	3,478.50	43.76
China*	1,161.61	45.43	2,978.70	32.26	1,651.30	20.73	2,192.50	27.58
UAE	291.88	11.41	591.60	6.41	1,072.50	13.47	555.20	6.99
UK	42.71	1.67	299.30	3.24	352.30	4.42	336.10	4.23
Germany	33.74	1.32	238.47	2.58	96.51	1.21	31.37	0.39
Australia	25.49	1.00	165.37	1.79	160.00	2.01	138.10	1.74
Austria	15.19	0.59	53.89	0.58	64.72	0.81	39.11	0.49
Belgium	3.00	0.12	51.61	0.56	22.36	0.28	20.46	0.26
South Africa	16.80	0.66	27.63	0.30	5.50	0.07	0.90	0.01
China**	4.69	0.18	24.29	0.26	-	-	-	-
Total	**2,246.48**	**87.85**	**8,682.15**	**94.02**	**7,147.19**	**89.73**	**6,792.24**	**85.45**

** represents exports made only to Hong Kong region.*
*** represents exports made to other than Hong Kong region*

Our top 10 customers for Fiscal 2011 in the exports market and details of income from sales made to them during the three months period ended June 30, 2011, Fiscal 2011, 2010 and 2009 are given below:

Customer Name	Amount (in Rs. million)			
	Three months period ended June 30, 2011	**Fiscal 2011**	**Fiscal 2010**	**Fiscal 2009**
Walmart	222.84	1,241.36	1,412.40	1,294.10
Zale Corporation	139.76	938.18	809.70	759.90
Al Salam	-	540.79	-	-
Sterling Jewellers Inc.	96.32	519.01	691.40	845.90
Matsumoto Industrial Limited	-	515.03	277.90	179.80
Dicia Jewellery Limited	14.82	336.57	393.40	815.30
Signet Trading Limited	40.82	299.30	352.30	336.10
J. K. B. International	438.56	295.89	-	-
Disons Gems Inc.	14.63	228.23	229.20	-
Christ Uhren	0.42	180.21	37.18	102.48
Total	**968.17**	**5,094.57**	**4,203.48**	**4,333.58**

We export studded jewellery which is manufactured by us and by third party manufacturers. Any offering which falls outside our manufacturing catalogue due to unavailability of particular technology, like hand engraving and micro pave setting or for preparing jewellery with alternate metals like stainless steel and titanium, we procure them from third party manufacturers.

We also export studded jewellery through our two distribution centres situated in China and USA. Our distribution centres in China and USA are operated by our Subsidiaries being Tara (Hong Kong) Limited and Fabrikant-Tara International LLC, respectively. Our distribution centres procure studded jewellery from third party manufacturers who are usually local artisans and craftsmen. We use our distribution centres for supply of such jewellery to USA, UK, Australia and South Africa.

Retail Operations

Presently, we conduct our retail jewellery business under the brand of "Tara Jewellers". Our retail products were initially marketed through our retail stores in the name of "Tara Jewels".

Our retail jewellery business will cater to the mid market in India by providing affordable luxury, confidence building programs and educating the customer about diamonds jewellery, in order to empower customers to make a more informed purchase decision.

As on November 30, 2011 we operate 29 Existing Stores spread over an area of 29,229.01 square feet. We intend to launch 20 Project Stores across India by December 31, 2012.

In order to launch a retail store we consider the following factors:

Selection of city/ location: In selecting location for a new retail store, we start by identifying the city/town/area. We target primarily cities/towns/area with higher mid-income segment. In this regard, normally an analysis of the demography, literacy levels, nature of occupation and income levels is undertaken.

Segmentation of target audience: The efforts of our retail operations are targeted towards families having total income which can be classified under the "middle" income groups. Accordingly, we plan our strategy to search for jewellery clusters where such customers are domiciled in large numbers and make efforts to locate ourselves within the reach of such customers. We position ourselves in jewellery clusters, since we believe that jewellery is not an impulse purchase and consumers tend to be predisposed towards the buying of jewellery in jewellery clusters.

Retail Store planning, layout and operations: We believe that adoption of standard formats for our retail stores has led to our brand establishment and identification among our customers and will increase our base of loyal customers. In pursuance of this, we have adopted standard parameters for retail store planning and establishment. For ensuring standardised formats of our retail stores, we consider various factors, such as internal and external décor and colour schemes, allocation of retail store space, stock mix and pricing and accounting methods.

Merchandise planning: In order to introduce our products, we analyse previous trends, past year sales, demographic details and buying patterns. Since we cater to both export and domestic markets, we analyse the trends existing in respective markets to plan our merchandising efforts. The analysis has proved effective for our planning. We particularly lay emphasis on entry level price points in each category while ensuring that our products offer greater perceived value at the same time adhering to the quality standards.

Retail stores

We currently have 29 Existing Stores, which are spread across suburban areas of metro cities, mini metros and cities with higher concentration of mid-income segment. Retail space for our Existing Stores is on leasehold basis. We plan to open 20 Project Stores by December 31, 2012, which we believe would enable us to cater to a wider section of the Indian public. These retail stores would be based on smart stores format, where the stores are estimated to be on an average area of approximately 1,000 square feet.

Our retail operations are primarily based on company operated retail stores. Self operated model of business provides us with complete control on operational aspects of the business and infuses trust and commitment among customers and employees. We believe benefits from various advantages of company operated model such as like standard look and feel of the retail stores, standard service, no profit sharing, cost control on every process, increased experience due to involvement in all aspects from of operation, transparency in business transactions, reflects our intention to focus on long term goals and builds strong goodwill component.

Following is the summary of Existing Stores:

S. No.	City	Location	Built-up area (square feet)	Date of launch
1.	Aurangabad	Nirala Bazaar	910	July, 2010
2.	Delhi	Main Market, Rajouri Garden	650*	August, 2010
3.	Delhi	Kohat Enclave, Pritam Pura	714	September, 2010
4.	Indore	MG Road	1,700*	September, 2010
5.	Mumbai	MIDC, Andheri – East	1400	October, 2008
6.	Mumbai	Hiranandani Estate, Thane	1,180	January, 2010
7.	Mumbai	LT Road Jewellery High Street, Borivali	500	July, 2010
8.	Mumbai	Sector 17, Vashi	525	February, 2010
9.	Mumbai	Sion - Trombay Road, Chembur	620	August, 2010
10.	Nashik	College Law Road	1,064	July, 2010
11.	Nagpur	Poonam Chamber	750**	December 2010
12.	Panaji	Bardez/ 17th June Road	452.08*	October, 2008
13.	Pune	East Street/Bund Garden	1,100	November, 2008
14.	Pune	Laxmi Road	1,075	July, 2010
15.	Ahmednagar	Manik Chowk	950*	November, 2010
16.	Delhi	Lajpat Nagar	600*	November, 2010
17.	Delhi	Karol Bagh	588*	November, 2010
18.	Delhi	Preet Vihar	1,100*	November, 2010
19.	Bhopal	Malviya Nagar	1,752*	November, 2010
20.	Jabalpur	Gorakhpur Main Road	1,200*	November, 2010
21.	Mumbai	Queens Palace, Bandra	1,000	December 2010

S. No.	City	Location	Built-up area (square feet)	Date of launch
22.	Jalgoan	Tower Chowk	776.93	November, 2010
23.	Kolhapur	Rajarampuri Lane	2,122	November, 2010
24.	Margao	Bemvinda Apartments	800*	November, 2010
25.	Solapur	Railway Line	900*	November, 2010
26.	Surat	Ghod Dod Road	1,095*	November, 2010
27.	Ahmedabad	Samudra Annexee	1,375*	November, 2010
28.	Baroda	Jethalpur Road	1,350*	November, 2010
29.	Rajkot	Yagnik Road	980*	November, 2010
	Total		**29,229.01**	

** represents the carpet area*
*** represents the super built-up area*

Further, our Company intends to open the Project Stores in various cities including Mumbai, New Delhi, Gurgaon, Noida, Lucknow, Allahabad, Kanpur, Varanasi, Jaipur, Udaipur, Kota, Mohali, Chandigarh, Amritsar, Ludhiana, Jalandhar, Raipur and Dehradoon. For further details on Project Stores, please see section titled "*Objects of the Issue*" on page 77.

Following is the map of India highlighting our Existing Stores and Project Stores.

● - *represents Existing Stores;*
■ - *represents Project Stores.*

Brands

In order to establish effective brand recall for our offerings, we have introduced different brands for different regions through retail chains. Currently we have categorized our brands for markets which include UK, USA and India.

Brands introduced in UK

To cater to the youth in UK, we have 'Candy Hearts'. 'Candy Hearts' is a collection with silver studded with diamonds and gemstones meant for gifting programs. We have launched it in collaboration with H. Samuel.

'Sattva' is an Indian-inspired collection of high-end 18 and 22 karat gold jewellery studded with diamonds and gemstones. We have launched it in collaboration with H. Samuel for the south Asian communities.

Brands introduced in USA

'Honeydium' is a rich honey coloured alloy made from 50% silver, currently circulated in Australia. The alloy is similar in appearance to 10 karat yellow gold. It is a lead-free metal developed by us and has tarnish resistant properties.

'Heart2Heart' was launched in 2009 in collaboration with Walmart and was widely recognized by our customers. We have expanded the collection in 2010 and have rebranded the identity.

'Cherished Hearts' was launched in January 2010 in collaboration with JC Penney and forming part of bridal collection offering, sold through JC Penny's retail stores and online. We believe the brand will continue to be part of JC Penny's "Modern Bride" offering.

Technology

We have access to advance technologies. We use technologies to maintain quality consistency in our offerings, enhance higher perceived value, reduce human efforts, increase quality checks and higher reliance. Following is the list of certain technologies we use in our production process:

(a) *Princess invisible wax setting:* This technology is used to maintain quality consistency. We have applied for grant of patent for this technology;
(b) *CAD machines:* CAD i.e. computer-aided design technology is meant for designing detailed three dimensional models and manufacturing those designs on three dimensional printers to generate prototypes. CAD has become an especially important technology with benefits like high accuracy, finite element analysis, ease of re-engineering, low product development costs and short design cycle;
(c) *CAM machines:* CAM i.e. computer-aided manufacturing is used for manufacture of work-pieces for quick production process with precise dimensions and material consistency. Due to material consistency it aids in minimizing waste and simultaneously reducing energy consumption;
(d) *Metal molds:* Bigger footprints with lower metal weights can be made with this technology;
(e) *Robotics settings:* Reduced human efforts coupled with quality consistency;
(f) *Electrical polishing:* Minimum human efforts without use of any toxic or hazardous material;
(g) *Plating of various types:* As an alternate to precious metal, plating technology helps in promoting silver;
(h) *Fischer assaying machine*: Products being manufactured are checked on this machine for accuracy of metal content; and
(i) *Miracle Plates*: CNC i.e. computerised numeric control cut plates of various shapes and uniform sizes used for setting diamonds using a push set method and is used in the mountings of diamond jewellery.

Further, our Ultimo unit situated at SEEPZ, Mumbai is subject to regular audit by an external audit agency appointed by Walmart.

Information Technology Systems

We are focused on implementation of advanced information technology systems, processes and business applications in order to handle all business operations including inventory management and processing customer orders. Our processes are computerized to support procurement, supply chain logistics, distribution management and inventory control. All the locations are connected through company-wide virtual network connection which helps to efficiently manage our network of outlets throughout the country. On March 30, 2007, we had entered into a software end-user license agreement with Systems, Applications and Products in Data Processing Private Limited ("**SAP**") for grant of a non-exclusive and perpetual license to our Company to use the SAP software, documentation and other information related thereto.

Scheme of Merger

During Fiscal 2009, Tara Jewels Exports Private Limited and T Two International Private Limited were merged with our Company pursuant to a scheme of merger, approved by the Bombay High Court under Sections 391-394 of the Companies Act, by its order dated January 23, 2009. Pursuant to the scheme of merger the entire business of Tara Jewels Exports Private Limited and T Two International Private Limited was transferred to our Company. For further details, see section titled "*History and Certain Corporate Matters*" on page 126.

Acquisition

Our Company acquired Tara (Hong Kong) Limited as our wholly owned subsidiary by acquiring 7,800 shares for a consideration of H.K. Dollar 4.14 million from Tara Duniya Corporation pursuant to an agreement for sale and purchase dated September 15, 2010. The acquisition has also resulted in Tara China Jewelery Limited, a direct subsidiary of Tara (Hong Kong) Limited, becoming our indirect subsidiary.

Export Obligations

Two of our units are located at SEEPZ, Mumbai and under the SEZ policies of the Government of India, we are obligated to maintain positive net foreign exchange, at all times. We have been successful in meeting our export obligations.

Employees

Our Company has 1,784 employees as on November 30, 2011, including 41 designers (including manual and CAD) and 1,066 craftsmen. As on November 30, 2011, we also have 109 personnel who are employed on a contract basis for manufacturing, security and housekeeping purposes. Our success depends to a great extent on our ability to recruit, train and retain employees specially designers and craftsmen. We hire designers from esteemed jewellery designing institutes including NIFT and GIA.

Our workers (including craftsmen) are sourced from our jewellery manufacturing and training school, situated at SEEPZ, Mumbai. We invite candidates between the age group of 18 to 23 years, for admission. The selected candidates are then trained as per our requirements. Upon successful completion of their training, they are hired by our Company.

Our personnel policies are aimed towards recruiting the talent we need and to encourage the development of their skills in order to support our performance and growth in our operations. We have not experienced any 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.

Properties

Our Company holds several properties on lease hold basis, including our manufacturing facilities, retail stores and corporate offices.

For our Registered Office we have entered into an agreement for assignment dated August 29, 2005 with Numero Uno International Limited along with consent order dated October 17, 2005 issued by Maharashtra Industrial Development Corporation. The lease deed is for assignment of 1,000 square meters of land situated at Plot No. 122 of Marol Industrial Area, Village Kondivita, situated in the Andheri Industrial Area. The lease deed is valid up to January 31, 2069.

Insurance

We have taken insurance to cover different risks including credit insurance policy, jeweller's block policy, fire and other perils policy, directors and officers liability insurance and keyman insurance policy which we believe is sufficient to cover all material risks to operations and income. Our operations are subject to hazards inherent to manufacturing units, such as risks relating to work accidents, fire, earthquake, burglary and loss in transit. This includes hazards that may cause injury and loss of life, damage and destruction of property and equipment.

Since risks on account of insolvency of our debtors are inherent to our business, we always maintain credit insurance policy. A credit insurance policy covers the payment risk resulting from the delivery of jewellery. We have export turnover policy with Export Credit Guarantee Corporation for an amount aggregating up to Rs. 300 million.

Intellectual Property

For details of our intellectual properties, please refer to section title "*Government and other Approvals*" on page 294.

Competition

We face competition in our manufacturing, export and retail operations. In manufacturing segment, we compete with Renaissance, Gold Star & Inter Gold in India, while in China we compete with KTL Group, Trigrand Limited and Torenzo.

In exports segment we compete with Renaissance, Gold Star and Inter Gold.

We face competition from both the organized and unorganized sector in retail segment. However, we believe our true competition is with the unorganized sector. In the organized sector we compete with retail jewellery chains like Tanishq, Goenka, Gitanjali and Orra.

REGULATIONS AND POLICIES

There are no specific regulations 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. The information below has been obtained from publications in the public domain. It may not be exhaustive and is only intended to provide general information and is neither designed nor intended to substitute for professional legal advice.

Taxation statutes such as the Income Tax Act, 1961, Central Sales Tax Act, 1956, the Finance Act, 1994, and applicable local sales tax statutes, and other miscellaneous regulations and statutes such as the Trade Marks Act, 1999 apply to us as they do to any other Indian company. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. For details of government approvals obtained by us, see section titled "*Government and Other Approvals*" at page 289.

General

Our Company is engaged in the business of manufacturing, exporting and retailing. Our portfolio of products includes gold, platinum, and silver jewellery with or without studded precious and semi-precious stones.

Foreign Investment

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

Investment by Foreign Institutional Investors

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

Ownership restrictions of FIIs

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

Environmental and Labour Regulations

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

- Contract Labour (Regulation and Abolition) Act, 1970;
- Factories Act, 1948;

- Payment of Wages Act, 1936;
- Payment of Bonus Act, 1965;
- Employees' State Insurance Act, 1948;
- Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- Payment of Gratuity Act, 1972;
- Minimum Wages Act, 1948;
- Shops and Commercial Establishments Acts, where applicable;
- Environment Protection Act, 1986;
- Water (Prevention and Control of Pollution) Act, 1974; and
- Air (Prevention and Control of Pollution) Act, 1981.

Foreign Trade Policy 2009-2014

The revised foreign trade policy in India for the period 2009-2014 is a comprehensive foreign trade policy. The initiatives identified with the foreign trade policy have a special focus on sectors such as the gems and jewellery, agriculture, handicrafts, handlooms, leather and footwear. Some salient features of the foreign trade policy in respect of the gems and jewellery sector are as follows:

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

  1. Jewellery made out of:

     a. precious metals (other than gold and platinum) - 2%
     b. gold and platinum - 1%
     c. rhodium finished silver - 3%

  2. Cut and polished diamonds - 1%

- duty free import entitlement of commercial samples shall be Rs. 300,000;
- duty free re-import entitlement for rejected jewellery shall be 2% of the free on board value of exports;
- import of gold of 8 karat and above shall be allowed under the replenishment scheme subject to import being accompanied by an Assay Certificate specifying purity, weight and alloy content;
- to neutralize duty incidence on gold jewellery exports, duty drawback has been allowed on such exports;
- diamond bourse(s) would be established under the new policy to promote India as an international diamond trading hub;
- import of cut and polished diamonds on consignment basis for the purpose of grading/certification & re-export by the authorized offices/agencies of Gemological Institute of America in India or other approved agencies will be permitted;
- to promote export of gems and jewellery products, personal carriage limits for participation in overseas exhibitions have been allowed to U.S. Dollar 5.00 million and to U.S. Dollar 1.00 million in case of export promotion tours; and
- re-import of unsold items in case of participation in exhibitions United States of America has been extended to 90 days.

Special Economic Zone ("SEZ")

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

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

Initially, India had introduced the concept of the SEZ as a part of its foreign trade policy, 2000. This concept embodied Fiscal and regulatory concessions, which formed part of various laws, for example, Customs Act, 1962

Income-Tax Act, 1961 and Central Excise Act, 1944. Due to its relatively complex legal framework, it was unable to attract significant private investment and as a result the SEZ Act was enacted.

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

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

The SEZ Rules 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.

Government of Maharashtra SEZ Policy

Various states including the state of Maharashtra have their own state SEZ policy. Government of Maharashtra vide resolution number SEZ 2001/(152)/IND-2 dated October 12, 2001 promulgated the Maharashtra SEZ Policy regarding setting up of special economic zones in Maharashtra which prescribes the rules in relation to the various environmental clearances, water and power supply arrangements, state taxes, duties, local taxes and levies and we are required to follow the state policy in addition to any central policies.

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

- a tax holiday as per the provision of the Income Tax Act,1961;
- duty free import of capital goods and equipment from preferred sources;
- exemption from customs duty on imported capital goods, raw materials, components, consumables, spares, tooling and packaging materials;
- exemption from central excise duties and other levies on products manufactured within the zone;
- excise exemption on capital goods, raw materials, computers etc. procured from domestic tariff area;
- special dispensations and relaxations in local laws and levies including octroi, sales taxes and property tax;
- in house customs clearance;
- remittance of profits and dividends earned by foreign investors in the zone is allowed freely after payment of taxes; and
- goods manufactured in the zone are permitted to be sold on payment of applicable duties.

Import of Gold on Loan Basis

Gold loan can be availed in cases where loan is denominated on the basis of the quantity of gold. Such loans are subject to conditions levied by the RBI.

RBI vide A.D. (G.P. Series) circular number 7, dated March 6, 1998 permitted nominated agencies like Handicraft and Handloom Export Corporation, State Trading Corporation, State Bank of India etc. and approved banks to import gold on loan basis for the purpose of on lending to exporters of jewellery. RBI has also issued guidelines for monitoring import of gold and its distribution and / or own use by the nominated agencies.

Pursuant to A.P. (DIR Series) circular number 34, dated February 18, 2005 RBI allowed EOUs and units in SEZ, in the gem and jewellery sector to import gold on loan basis for manufacturing and export of jewellery on their own account. RBI permitted these entities to open standby letters of credit for import of gold on loan basis on the condition that the letters of credit should be in favour of internationally renowned bullion banks only and its usance period should not exceed 90 days.

Further, Para 6.2 (f) of the foreign trade policy 2009-2014 issued by the Department of Commerce, Ministry of Commerce & Industry, Government of India, permits the EOUs in the gem and jewellery sector, to source gold/ silver/ platinum through nominated agencies on loan or by outright purchase basis.

These units can source gold through such nominated agencies/banks provided that the units obtaining gold/ silver/ platinum shall export gold/ silver / platinum jewellery or articles within 90 days from date of release of gold on loan basis. The exporter has also been given the flexibility to fix the price and repay the gold loan within 180 days from the date of export provided that the price is communicated to the nominated agencies who will issue a certificate showing final confirmation of rate to ensure export proceeds are realized at the fixed rate. Paras 6.4.2 and 6.4.3 of the Handbook of Procedures provides that EOUs can export jewellery on basis of such notional rate certificate issued by the nominated agency. Para 4A.23 of the Handbook of Procedures (volume I), 2009-2014 issued by the Department of Commerce further provides that the exporters can import gold on loan basis subject to furnishing of bank guarantee / legal undertaking, for customs duty to nominated agencies/banks.

Gem and Jewellery Export Promotion Council

The Government of India has designated the Gem and Jewellery Export Promotion Council ("**GJEPC**") as the importing and exporting authority in India in keeping with its international obligations under Section IV(b) of the Kimberley Process Certification Scheme ("**KPCS**"). The KPCS is a joint government, international diamond and civil society initiative to stem the flow of conflict diamonds, which are rough diamonds used by rebel movements to finance wars against legitimate governments. The KPCS comprises participating governments that represent 99.8% of the world trade in rough diamonds. The KPCS has been implemented in India from January 1, 2003 by the Government of India through communication No. 12/13/2000-EP (GJ) dated November 13, 2002. The GJEPC has been notified as the nodal agency for trade in rough diamonds under para 2.2, chapter 2 of the foreign trade policy (2009-2014). However, under the SEZ Rules, the Development Commissioners have been delegated powers to issue Kimberley Process Certificates for units located in respective SEZs.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief History of our Company

Our Company was originally incorporated as a private limited company on March 16, 2001, with the name Tara Ultimo Private Limited. Thereafter, pursuant to the Scheme of Merger dated January 23, 2009 and resolution of our shareholders in the EGM dated March 13, 2009, the name of our Company was changed to Tara Jewels Private Limited and a fresh certificate of incorporation dated March 25, 2009 was granted by the RoC. We became a public limited company pursuant to a special resolution of our shareholders in an EGM dated September 16, 2010. The fresh certificate of incorporation consequent to the change of status was granted to our Company on September 23, 2010 by the RoC.

Brief history of the Selling Shareholder

Fabrikant H.K. Trading Limited was organized in Hong Kong on September 14, 1989 as an affiliate of M. Fabrikant & Sons to conduct third party loose diamond and precious stone jewelry sales in the Far East and Europe. In addition, the company has investments in affiliated loose diamond and jewelry companies located in Israel, Japan, Belgium, Canada and India. Mr. Matthew Fortgang is the promoter of the company.

Shareholding Pattern:

Set forth below is the shareholding pattern of Fabrikant H.K. Trading Limited as on November 30, 2011:

Sr. No	Name of the Shareholder	% of holding
1.	Charles Fortgang Children's Trust for the benefit of Matthew Fortgang	49.50
2.	Charles Fortgang Children's Trust for the benefit of Susan Fortgang	49.50
3.	Matthew Fortgang	1.00
	Total	**100.00**

Board of directors:

The board of directors of Fabrikant H.K. Trading Limited, as on November 30, 2011, comprises of:

1. Matthew Fortgang;
2. Charles Fortgang; and
3. Marjorie Fortgang.

Our Main Objects

The main objects of our Company as contained in our Memorandum of Association include:

1. To carry on the business as manufacturers, processors, traders, dealers, wholesalers, retailers, producers and purchasers, sellers, distributors, importers, exporters, commission agents, brokers in all kinds of diamonds, precious stones, semi-precious stones, glass stones in whatever shape and whether rough, cut or polished and including industrial and gem diamonds, all kinds of pearls including *bewaca*, *keshi* (raw and finished), cultured pearls (raw and finished), synthetic pearls, coral, all kinds of jewellery and ornaments (real or imitation), all kinds of metals - gold, silver, platinum or other like metals, either for ready and/or forward delivery.
2. To set up and carry on the business of cleaving, sawing, cutting, assorting and polishing diamonds, gems, pearls and all kinds of precious and semi-precious stones and metals.
3. To commence, establish, set up, carry on, conduct, manage and administer the business of manufacturing, buying, selling, importing, retailing through the shops, malls or Company's own showrooms or by any methods of sale or display, exporting, refining, cleaning, polishing, preparing, acquiring, disposing off, supplying, distribution, ordering, regulation, controlling, classifying, allocating, trading and dealing in jewellery whether branded or not and ornaments of all kinds of metal and or studded with diamonds , gems and pearls, including

of metal and /or studded with diamonds, gems and pearls, including cultured pearls and /or precious, semi precious and synthetic stones.

4. To carry on business as recognized export house/ trading house and of buying and selling import entitlements and to act as agents and/or commission agents and/or distributors and / or job work contractors and / or indentors for or in respect of diamonds, pearls, corals, gems, rubies and all kinds of precious and semi-precious emeralds, sapphires, synthetic stones, all kinds of jewellery and jewels and precious and semi-precious metals.

5. To own, construct, take on lease or in any other manner and to run, render technical advice in constructing, furnishing, running and management of retail business including departmental stores, direct to home & mail order catalogue for all category of products and services including but not limited to jewellery and ornament products whether in India or any other part of the world.

The main object clause and objects incidental or ancillary to the main objects of the Memorandum and Articles of Association enables our Company to undertake its existing activities and the activities for which the funds are being raised by our Company through this Issue.

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 10, 2005	Increase in authorized capital of our Company from Rs. 50 million to Rs. 150 million
March 13, 2009	Change of name to Tara Jewels Private Limited
July 31, 2010	Increase in authorized capital of our Company from Rs. 150 million to Rs. 300 million
September 16, 2010	Change of name to Tara Jewels Limited
September 16, 2010	Insertion of clause III A.2, 3, 4 and 5 to the main object clause, insertion of clause III B. 29 to 50 in the incidental clause and insertion of clause V (c) and (d) in the authorised share capital clause.

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 seven. For more details on the shareholding of the members, please see section titled "*Capital Structure*" at page 61.

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	Date of change	Reasons for change
Plot No. 29(P) & 30(P), Sub Plot A, SEEPZ, SEZ, Andheri (East) Mumbai – 400 096	January 24, 2002	Administrative efficiency
Plot No. 122, 15th Road, near IDBI Bank, MIDC, Andheri (East) Mumbai – 400 093	March 28, 2009	Administrative efficiency

Major Events and Milestones

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

S. No.	Calendar Year	Details
1.	2001	Formation of our Company as a private limited company viz., Tara Ultimo Private Limited
2.	2003	Strategic investment of Fabrikant H.K. Trading Limited in our Company
3.	2005	Tara becomes a DTC sightholder Invested into a factory space admeasuring 17,654 square feet Received the Global Supplier of the Year of Walmart
4.	2006	Acquired the order book of Fabrikant-Leer International Limited

S. No.	Calendar Year	Details
		Setting up of our Subsidiaries, Tara Jewels Holdings, Inc. and Fabrikant-Tara International LLC
5.	2007	Set up a 31,452 square feet factory at Panyu, China Got SEEPZ-SEZ Export Award for Highest Export Performance Received "Overall Excellence" award for being second highest exporter in the category of studded precious metal jewellery exports in EPZ by The Gem and Jewellery Export Promotion Council Received the Global Supplier of the Year of Walmart
6.	2008	Launched our first retail store in Mumbai Awarded the SEEPZ-SEZ Export Award for "Highest Export Performance" and "Second Highest Net Foreign Exchange Earner" Received "Overall Excellence" award for being second highest exporter in the category of studded precious metal jewellery exports in EPZ by The Gem and Jewellery Export Promotion Council
7.	2009	Tara appointed as member of SEEPZ Authority Cell Received "Overall Excellence" award for being second highest exporter in the category of studded precious metal jewellery exports in EPZ by The Gem and Jewellery Export Promotion Council Merger of Tara Jewels Exports Private Limited and T Two International Private Limited with our Company pursuant to the Scheme of Merger Awarded the SEEPZ-SEZ Export Award for "Highest Export Performance" and "Highest Net Foreign Exchange Earner"
8.	2010	Conversion into a public limited company
		Subsidiarisation of Tara (Hong Kong) Limited
9.	2011	Certified as 'Nominated Agency' as per Para 4.A.4 of Foreign Trade Policy (RE 2008)

Major Events of our Company

Business and management

For details of our Company's business, products, marketing, the description of its activities, products, market segment, the growth of our Company, standing of our Company with reference to the prominent competitors with reference to its services and geographical segment, please see section titled "*Our Business*" at page 107.

For details of the management of our Company and its managerial competence, please see section titled "*Our Management*" at page 136.

Scheme of Merger

Tara Jewels Exports Private Limited and T Two International Private Limited were merged with our Company pursuant to the Scheme of Merger, approved by the Bombay High Court under Sections 391-394 of the Companies Act, by its order dated January 23, 2009. Pursuant to the Scheme of Merger the entire business of Tara Jewels Exports Private Limited and T Two International Private Limited (together "**Transferor Companies**") was transferred to our Company ("**Transferee Company**").

Given below is a summary of the salient terms of the Scheme of Merger:

- *Swap ratio of equity shares between Transferor Companies and Transferee Company*

Pursuant to the Scheme of Merger, Equity Shares of Transferee Company were issued to the shareholders of the Transferor Companies in the following ratio:

(a) 28 Equity Shares of the Transferee Company for every 25 equity shares of Rs. 10 each held in Tara Jewels Export Private Limited. In respect of 142,858 equity shares held by the Transferee Company in Tara Jewels Export Private Limited, no shares were issued by the Transferee Company and these shares automatically stood cancelled.

(b) One Equity Share of the Transferee Company for every 50 equity shares of Rs. 10 each held in T Two International Private Limited. In respect of 1,999,300 equity shares held by Tara Jewels Export Private Limited in T Two International Private Limited, no shares were issued by the Transferee Company and these shares automatically stood cancelled.

(c) In respect of 75,000 Equity Shares held by Tara Jewels Export Private Limited in the Transferee Company, no shares were issued by the Transferee Company and these shares automatically stood cancelled.

For details regarding Equity Shares issued pursuant to the Scheme of Merger, see section titled "*Capital Structure- Notes to Capital Structure*" and "*Financial Information- Notes on Restatement and changes to Significant Accounting Policies*" on page 62 and 177, respectively.

- *Transfer of Undertaking of Transferor Companies to Transferee Company*

a) From the appointed date, i.e., April 1, 2008, the entire business, properties, assets, licenses, agreements, rights, benefits, interests, liabilities, debts etc. of the Transferor Companies as a going concern were transferred and vested, or deemed to be transferred and vested in the Transferee Company, subject to the charges, hypothecation, and mortgages as on the effective date.

b) Any inter-corporate loans between the Transferor Companies and the Transferee Company came to an end and corresponding suitable effect was given in the books of accounts and records of the companies, for reduction of any debts or liabilities.

c) With effect from the effective date the Transferee Company was authorized to carry on the business carried on by the Transferor Companies in addition to its own business.

d) All contracts, deeds, bonds and other instruments, suits and other legal proceedings, remained in force against or in favour of the Transferee Company.

e) All the employees, company staff and workmen of the Transferor Companies became the employees of the Transferee Company.

As per the terms of the Scheme of Merger, the name of the Transferee Company was changed from Tara Ultimo Private Limited to Tara Jewels Private Limited. For details, see section titled "*History and certain Corporate Matters- Brief History of our Company*" on page 126.

On the certified copy of the order of the Bombay High Court dated January 23, 2009 being filed with the RoC, the Scheme of Merger became effective and the Transferor Companies were dissolved without winding up.

Time/cost overrun

Our Company may have experienced time and cost overrun in relation to some of the projects executed by them. For details of related risk, see section titled "*Risk Factors*" at page x.

Changes in activities of our Company

There have been no changes in the activities of our Company since its incorporation in 2001, which may have had a material effect on our profits or loss, including discontinuance of our lines of business, loss of agencies or markets and similar factors.

Capital raising (Equity/ Debt)

Our equity issuances in the past and availing of debts as on November 30, 2011, have been provided in sections titled "*Capital Structure*" and "*Financial Indebtedness*" on pages 61 and 275, respectively. Further, our Company has not undertaken any public offering of debt instruments since its inception.

Injunctions or restraining order against our Company

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

Subsidiaries of our Company

The following are our Subsidiaries:

1. Quatro Jewellery Private Limited;
2. Tara Jewels Holdings, Inc;
3. Fabrikant-Tara International LLC;
4. Tara (Hong Kong) Limited;
5. Tara China Jewelry Limited; and
6. Tara Jewels Honduras, S. de R.L.

1. Quatro Jewellery Private Limited

Quatro Jewellery Private Limited was incorporated under the Companies Act on October 18, 1999. Its registered office is situated at B/14 Girgaum Terraces, Opera House Mumbai – 400 004, and its corporate identification number is U36911MH1999PTC122261. The objects of this company include carrying on the business of manufacturing, processing, cutting, preparing, polishing, refining, acquiring, disposing of, importing, exporting, supplying and dealing in any and all classes of diamonds, including industrial diamonds, gems, precious and semi precious stones, pearls, including cultured pearls, synthetic stones and jewellery, ornaments and personal effects made of gold, silver, platinum, diamond, gems, precious and semi-precious stones, synthetic stones, pearls, including cultured pearls whether studded or otherwise.

The authorized share capital of Quatro Jewellery Private Limited is Rs. 0.50 million comprising 50,000 equity shares of face value Rs. 10 each and paid up share capital is Rs. 0.4503 million comprising of 45,030 equity shares of Rs. 10 each.

Board of directors

Subject to the final disposal of the application under section 560 of the Companies Act, the board of directors of Quatro Jewellery Private Limited as on November 30, 2011 comprises of:

1. Mr. Rajeev Sheth; and
2. Ms. Alpana Deo

Shareholding pattern

Subject to the final disposal of the application under section 560 of the Companies Act, the shareholding pattern of Quatro Jewellery Private Limited as on November 30, 2011 is as follows:

Sr. No	Name of the Shareholder	No. of shares	% of total equity holding
1.	Mr. Rajeev Sheth	10	0.02
2.	Ms. Alpana Aniruddh Deo	10	0.02
3.	Tara Jewels Limited	45,010	99.96
	Total	**45,030**	**100.00**

Application for dissolution

Quatro Jewellery Private Limited has, pursuant to a resolution of the board of directors dated November 30, 2009, made an application dated March 17, 2010, to the Registrar of Companies, Mumbai, under Section 560 of the Companies Act, for striking off the name of the company from the register of companies.

2. *Tara Jewels Holdings, Inc.*

Tara Jewels Holdings, Inc. was incorporated under Section 402 of the Business Corporation Law of the State of New York on July 13, 2006. Under the certificate of incorporation, the address to which the secretary of state shall mail a copy of any process against Tara Jewels Holdings, Inc. is National Registered Agents Inc., 875 Avenue of the Americas, New York, NY 10001. The company is engaged in the business of ownership of interests in Fabrikant-Tara International LLC.

The authorised capital of the company is 10,000 common shares of the par value of U.S. Dollar 0.01 each and issued and paid up capital is 1,000 common shares of par value U.S. Dollar 0.01 each.

Board of directors

The board of directors of Tara Jewels Holdings, Inc. as on November 30, 2011 comprises of:

1. Mr. Rajeev Sheth;
2. Ms. Nalini Rajan; and
3. Ms. Alpana Deo.

Shareholding pattern

As of November 30, 2011, Tara Jewels Holdings, Inc. is a wholly owned Subsidiary and the entire shareholding is held by our Company.

3. *Fabrikant-Tara International LLC*

Fabrikant-Tara International LLC was incorporated as a limited liability company under the Delaware Limited Liability Company Act on July 13, 2006. The address of the registered office and the name and the address of the registered agent is National Registered Agents, Inc., 160 Greentree Drive, Suite 101, Dover, Delaware 19904. Fabrikant-Tara International LLC is engaged in the business of sale of jewellery.

Fabrikant-Tara International LLC is treated as a partnership for U.S federal and state income tax purposes. The total equity of Fabrikant-Tara International LLC is reflected as members' equity as opposed to common stock and retained earnings as is the case with corporations.

The table below sets forth the members' share of profit, loss and capital:

Name of Member	Membership interest
Tara Jewels Holdings, Inc.	73.00%
Fabrikant Inventory LLC	27.00%
Total	**100.00%**

Board of Directors

The board of directors of Fabrikant-Tara International LLC as on November 30, 2011 comprises of:

1. Mr. Rajeev Sheth;
2. Ms. Alpana Deo; and
3. Ms. Nalini Rajan.

Fabrikant Inventory, LLC and Tara Jewels Holdings, Inc., our Subsidiary, have entered into an assignment of membership interest dated December 29, 2011 ("Assignment Agreement"), whereby 27% of the membership interest of Fabrikant Inventory, LLC in Fabrikant-Tara International LLC is assigned and transferred by Fabrikant Inventory, LLC to Tara Jewels Holdings, Inc. As per the terms of the Assignment Agreement, Tara Jewels Holdings, Inc. has agreed to pay U.S. Dollar 249,000 to Fabrikant Inventory, LLC, as total consideration for such assignment, which is to be paid on or before March 1, 2012. Further, as per the terms of the Assignment Agreement, Fabrikant Inventory, LLC has acknowledged that with effect from December 29, 2011, it is no longer a member of Fabrikant-Tara International LLC.

4. Tara (Hong Kong) Limited

Tara (Hong Kong) Limited was incorporated under the laws of Hong Kong Special Administrative Region on November 10, 2006 and its company number is 1086640. The address of the registered office of the company is Unit 1002, Block A, Hunghom Commercial Centre, 39 Ma Tau Wai Road, Kowloon, Hong Kong. The company is engaged in the business of import and export of jewellery.

The authorized share capital of Tara (Hong Kong) Limited is H.K. Dollar 3,198,000 comprising 319,800 ordinary shares of H.K. Dollar 10 each and paid up share capital is H.K. Dollar 3,198,000 comprising of 319,800 ordinary shares of H.K. Dollar 10 each.

Board of Directors

As of November 30, 2011, Mr. Rajeev Sheth is the director of Tara (Hong Kong) Limited.

Shareholding pattern

As of November 30, 2011, Tara (Hong Kong) Limited is a wholly owned Subsidiary and the entire shareholding is held by our Company.

5. Tara China Jewelry Limited

Tara China Jewelry Limited was incorporated as a limited company registered on Guangzhou Administration Bureau for Industry and Commerce Panyu Branch, on September 19, 2008 and its enterprise registration number is 304236. The company's business license is from September 19, 2008 to September 19, 2028. The address of the registered office of the company is Unit 1A tower B1, Shawan Jewellery Industry Park, Fulong Road no. 999, Panyu District, Guangdong Province. The scope of business of the company is research, design, value added, production of gold, diamond products with other jewellery ornaments, sale of company's products, plated metallic product processing (excluding electro plating), and provision of after – sales advices.

The registration capital of the company is H.K. Dollar 625,000.

Shareholding pattern

As on November 30, 2011, the company is a wholly owned subsidiary of our Subsidiary, Tara (Hong Kong) Limited.

Board of Directors

Currently there are no directors on the board of the company. Mr. Sherman Chui is the president of the company. For details relating to role of Mr. Sherman Chui, see section titled "*Our Management - Key Managerial Personnel of our Subsidiaries*" on page 151.

6. Tara Jewels Honduras, S. de R.L. ("Tara Honduras")

Tara Honduras was constituted as a commercial society under the regime of limited liability company on January 17, 2011 and its tax registry number is 08011972042243. The address of the registered office of the company is Law Firm Consortium Centroamerica Abogados, Honduras, located on the first street, number 304, Torre Consortium I, Colonia la Estancia, end of the Boulevard Morazán, Tegucigalp City, Honduras. The scope of business of the company is elaboration, fabrication, production and sale of jewelry of all types, as well as any other operation, function or service that has a direct and immediate relation with the professional exercise of the manufacturing, production, commercialization, sale of jewelry and in general to carry on all commercial and financial operations that are related with the mentioned finality.

The authorized social capital of Tara Honduras is Lempiras 25,000 comprising 250 social parts of Lempiras 100 each and paid up social capital is Lempiras 25,000 comprising of 250 social parts of Lempiras 100 each.

Shareholding pattern

Sr. No	Name of the Shareholder	No. of social parts	% of total holding
1.	Tara Jewels Holdings, Inc.	249	99.60%
2.	FT Diamonds, Inc.	1	0.40%
	Total	250	100.00%

Board of Directors

Currently there are no directors on the board of the company. Mr. Milan Gandhi is the general manager of the company. For details relating to role of Mr. Milan Gandhi, see section titled "*Our Management - Key Managerial Personnel of our Subsidiaries*" on page 151.

Details of Subsidiaries contributing more than five percent of income/profits/assets of our Company

(in Rs. million, except shareholding data)

	Fabrikant-Tara International LLC*				Tara (Hong Kong) Limited*	
	Period ended June 30, 2011	**Fiscal 2011**	**Fiscal 2010**	**Fiscal 2009**	**Period ended June 30, 2011**	**Fiscal 2011**
Equity capital	4.35	4.35	4.35	4.35	0.46	0.46
Turnover	492.22	2,476.47	3,211.27	2,629.17	360.02	982.97
Profit after tax	2.50	20.89	15.28	19.99	(1.96)	10.21
Shareholding of our Company	73%	73%	73%	73%	100%	100%
Listing status	Unlisted				Unlisted	

** Represents data for the periods for which the Subsidiary has been considered for consolidation.*

Accumulated profits or losses not accounted for

There are no profits or losses of Subsidiaries not accounted for by our Company.

Other agreements

Non-compete agreement

Divya Jewels International Private Limited ("DJIPL")

We have entered into a non-compete agreement dated September 1, 2010 with our Group Company, Divya Jewels International Private Limited. Pursuant to the terms of the agreement, DJIPL has agreed not to manufacture and export diamonds and precious stones, studded ornaments made in precious metals such as platinum, gold, silver, white gold etc. Further, DJIPL has agreed not to establish, directly or indirectly, any outlet or showroom for jewellery items of the nature sold by our Company, within the radius of one kilometre of the area where our Company has its existing outlet/showrooms. The agreement is valid for a period of three years.

Aarti Jewellers Private Limited ("AJPL")

We have entered into a non-compete agreement dated September 1, 2010 with our Promoter Group Company, Aarti Jewellers Private Limited. Pursuant to the terms of the agreement, AJPL has agreed not to establish, directly or indirectly, showroom or store for its jewellery retail business in India within the radius of 750 meters, in case of Mumbai Metropolitan Region and one kilometre, in case of any other part of India, of any retail store currently operated by our Company or as may be operated by our Company during the currency of this agreement. The agreement is valid for a period of three years.

Agreement dated September 15, 2010 entered into between our Company and Tara Duniya Corporation for sale and purchase of shares of Tara (Hong Kong) Limited (the "Agreement")

Our Company had entered into the Agreement with Tara Duniya Corporation, a Group Company, for purchase of 7,800 shares of Tara (Hong Kong) Limited, constituting 100% of its share capital, for a total consideration of HK Dollar 4.14 million. The Agreement includes details in relation to representations and warranties provided by Tara Duniya Corporation to our Company. Further, pursuant to the Agreement, Tara China Jewelry Limited, a direct subsidiary of Tara (Hong Kong) Limited became our indirect subsidiary.

Strategic and Financial Partnerships

Memorandum of understanding between Tara Jewels Export Private Limited and M. Fabrikant & Sons

A memorandum of understanding dated November 15, 2002 ("**Fabrikant MoU**") has been executed between Tara Jewels Export Private Limited (which merged into our Company pursuant to the Scheme of Merger) ("**TJE**") and M. Fabrikant & Sons. In accordance with the terms of the Fabrikant MoU, M. Fabrikant & Sons or one of its affiliated companies (together "**MFS**") intended to make an investment in TJE.

Some of the salient terms of the Fabrikant MoU are summarized below:

As per the terms of the Fabrikant MoU and consequent to the investment by MFS in TJE, MFS will put signage on TJE's factory indicating their participation in the ownership. Further, TJE will use its best efforts to purchase diamonds from MFS, as long as the price and quality offered are of comparable economic value and quality to other diamonds available in the market.

As per the terms of the Fabrikant MoU, any future issue of shares or distribution dividends by TJE can only be made on a pro rata basis and with the prior approval of MFS. Further, MFS will be the sole partner, investor or affiliate of TJE and our Company (and all its related companies) for the sale and distribution of products in North America. TJE, our Promoter, Mr. Rajeev Sheth and our Company will not sell any products directly to retailers in North America unless it is for the benefit of TJE and MFS, however TJE, our Promoter, Mr. Rajeev Sheth and our Company may liaison with U.S retailers for the purpose of obtaining insurance coverage for payment of receivables and securing payments/receivables due from doubtful wholesalers.

As per the terms of the Fabrikant MoU, MFS and its U.S affiliates intend to use TJE as its prime source of jewellery in India and will use their best efforts to provide at least U.S. Dollar 10.00 million of orders during the year beginning April 1, 2003 and substantially increase the amount of orders provided to TJE in the following years. However, to the extent that TJE is not capable, because of capacity constraints, of producing any particular order from MFS, and orders need to be produced in other facilities operated by our Promoter, Mr. Rajeev Sheth or given out on job work to any other facility, TJE will receive the additional benefits of this production, after taking into account the job work rates prevalent at that time.

In accordance with the terms of the Fabrikant MoU, after an initial lock-in period of two years, if Fabrikant MoU is terminated by TJE, then TJE will, no later than six months from the date of such termination, pay to MFS, MFS's share of the book value of TJE. In case MFS terminates the Fabrikant MoU, TJE will remit to MFS, MFS's share of the book value of TJE as soon as possible but in no event later than 50% being paid within nine months of termination and the remaining 50% being paid in the following nine months.

The investment of the Selling Shareholder, Fabrikant H.K. Trading Limited, in Tara Jewels Exports Private Limited (a company which was merged with our Company under the Scheme of Merger, for further details in relation to the Scheme of Merger, see section titled "*History and Certain Corporate Matters-Scheme of Merger*" on page 128) was pursuant to this Fabrikant MoU. Upon merger of Tara Jewels Export Private Limited with our Company, 799,999 Equity Shares were issued to Fabrikant H.K. Trading Limited. In terms of the letter dated September 29, 2010, Fabrikant H.K. Trading Limited has waived its right to receive any Equity Shares on a pro rata basis under the

Fabrikant MoU and through its undertaking dated December 7, 2010, it has agreed that, post listing of the Equity Shares, it will not have any special rights, including management rights, in our Company, and would be at par with the other shareholders of our Company. Further, pursuant to letter dated December 29, 2011, Fabrikant H.K. Trading Limited has given its consent for the Issue.

OUR MANAGEMENT

Under the Articles of Association, our Company is required to have not less than three Directors and not more than 12 Directors. Our Company currently has 10 Directors.

Our Board

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

Name, Designation, Father's Name, Term, Date of Appointment, Address, Occupation and DIN	Age (Years)	Status of Director in our Company	Other Directorships
Mr. Rajeev Sheth *Chairman and Managing Director* S/o Mr. Vasant Sheth **Date of Appointment:** Originally appointed as Director on April 16, 2001. Re-appointed as the Chairman and Managing Director on September 29, 2010 **Term:** Non-retiring Director for a period of five years, with effect from October 1, 2010 **Occupation**: Business **Address**: 3, Villa Ramona 37/A, Napeansea Road Mumbai 400 036 Maharashtra India **DIN:** 00266460	53	Executive and non-independent	1. Tara Sparkles Private Limited; 2. Divya Jewels International Private Limited; 3. Divya Real Estate Private Limited; 4. Tara Duniya Corporation; 5. Tara Jewels Holdings, Inc.; 6. Fabrikant-Tara International LLC; 7. Tara (Hong Kong) Limited; and 8. Quatro Jewellery Private Limited.
Ms. Alpana Deo *Joint Managing Director* D/o Mr. Aniruddh Deo **Date of Appointment:** Originally appointed as Director on April 16, 2001. Her designation was changed to Joint Managing Director with effect from April 1, 2010 **Term:** Non-retiring Director for a period of five years, with effect from October 1, 2010 **Occupation**: Business **Address**: Flat No. 60 Apratim Royal Palms Bungalow, Aarey Milk Colony, Goregaon (East) Mumbai 400 064 Maharashtra India **DIN:** 00266523	37	Executive and non-independent	1. Tara Sparkles Private Limited; 2. Divya Jewels International Private Limited; 3. Tara Jewels Holdings, Inc; 4. Fabrikant-Tara International LLC; and 5. Quatro Jewellery Private Limited.

Name, Designation, Father's Name, Term, Date of Appointment, Address, Occupation and DIN	Age (Years)	Status of Director in our Company	Other Directorships
Ms. Aarti Sheth *Director* D/o Mr. Rajeev Sheth **Date of Appointment:** Originally appointed as additional Director on August 10, 2006. Confirmed as Director on September 1, 2010 **Term:** Non-retiring Director for a period of three years, with effect from September 1, 2010 **Occupation**: Business **Address**: 3, Villa Ramona 37/A, Napeansea Road Mumbai 400 036 Maharashtra India **DIN:** 00737920	27	Executive and non-independent	Nil.
Ms. Nalini Rajan *Director, Finance* D/o Mr. Seekaneepuram Krishnan Vaidyanathan **Date of Appointment:** Originally appointed as additional Director on October 6, 2009. Confirmed as Director on September 9, 2010 **Term:** Liable to retire by rotation **Occupation**: Business **Address:** A/6-3 Shree Ram Nagar, S.V Road Andheri (West) Mumbai 400 058 Maharashtra India **DIN:** 02922199	47	Executive and non-independent	1. Tara Jewels Holdings, Inc.; and 2. Fabrikant-Tara International LLC.
Mr. Vikram Raizada *Director, Marketing, Retail and Business Development* S/o Mr. Vishnu Kumar Raizada **Date of Appointment:** Originally appointed as additional Director on September 4, 2010. Confirmed as Director on September 9, 2010 **Term:** Liable to retire by rotation **Occupation**: Business	45	Executive and non-independent	Nil.

Name, Designation, Father's Name, Term, Date of Appointment, Address, Occupation and DIN	Age (Years)	Status of Director in our Company	Other Directorships
Address: 6 Loral Reef 55 Chimbai Road Bandra (West) Mumbai 400 050 Maharashtra India **DIN:** 03196436			
Mr. Rajiv Lochan Jain *Director* S/o Late Mr. Kashinath Jain **Date of Appointment:** Originally appointed as additional Director on September 20, 2010. Confirmed as Director on August 29, 2011 **Term:** Liable to retire by rotation **Occupation**: Business **Address**: 402 Aralias DLF Golf Links DLF City Phase 5 Gurgaon 122 009 Haryana India **DIN:** 00161022	60	Independent and non-executive	Goodyear India Limited.
Mr. Shanti Saroop Khindria *Director* S/o Mr. Kharaiti Ram Khindria **Date of Appointment:** Originally appointed as additional Director on September 20, 2010. Confirmed as Director on August 29, 2011. **Term:** Liable to retire by rotation **Occupation**: Professional **Address**: 2 Parsons Green Lane, Fulham London – SW64HS NA United Kingdom **DIN:** 03271292	57	Independent and non-executive	Nil.
Mr. Rakesh Kalra *Director* S/o Late Mr. Om Prakash Kalra **Date of Appointment:** Originally appointed as additional Director on September 20, 2010.	62	Independent and non-executive	1. Kriti Industries (India) Limited; and 2. Foton Motors Marketing & Sales India Private Limited.

Name, Designation, Father's Name, Term, Date of Appointment, Address, Occupation and DIN	Age (Years)	Status of Director in our Company	Other Directorships
Confirmed as Director on August 29, 2011. **Term:** Liable to retire by rotation **Occupation**: Service **Address**: 603, Spring Hills Hiranandani Estate Ghodbunder Road Thane (West) Mumbai 400 607 India **DIN:** 00780354			
Ms. Fern Mallis *Director* D/o Mr. Maxwell Mallis **Date of Appointment:** Originally appointed as additional Director on September 20, 2010. Confirmed as Director on August 29, 2011. **Term:** Liable to retire by rotation **Occupation**: Consultant **Address**: 40 East 68 Street 5B New York, NY 10021 United States of America **DIN:** 03270532	63	Independent and non-executive	Fern Mallis, LLC.
Mr. Nikkhil Vaidya *Director* S/o Mr. Balkrishna Vaidya **Date of Appointment:** Originally appointed as additional Director on September 20, 2010. Confirmed as Director on August 29, 2011. **Term:** Liable to retire by rotation **Occupation**: Professional **Address**: 506, Vivek Ekta-Vivek CHS Limited Off Link Road I C Colony Extension Dahisar (West) Mumbai 400068	52	Independent and non-executive	Hash.me Technologies Private Limited.

Name, Designation, Father's Name, Term, Date of Appointment, Address, Occupation and DIN	Age (Years)	Status of Director in our Company	Other Directorships
India **DIN:** 02942549			

Brief profile of our Directors

Mr. Rajeev Sheth, is the chairman and managing Director of our Company. He holds a graduate degree in commerce from Mumbai University. He also holds a diploma in gemology from Gemological Institute of America. Mr. Sheth has approximately 31 years of experience in the jewellery business. He started his career by promoting Rose International and thereafter became the promoter and managing director of Intergold India Limited from 1989 to 1999. The remuneration paid to him for the last Fiscal was Rs. 15.60 million.

Ms. Alpana Deo, is the joint managing Director of our Company. She holds a graduate degree in arts, with specialisation in industrial economics from Mumbai University. Ms. Deo has approximately 18 years of experience in the jewellery business. She has the experience of running business like job work, sub-contracting, distribution, manufacturing and diamond sourcing. She was instrumental in laying the costing and pricing foundation for our Company. She also initiated the SAP implementation in our Company. The remuneration paid to her for the last Fiscal was Rs. 4.80 million.

Ms. Aarti Sheth, is an executive Director of our Company. She holds a bachelor's degree in international business and marketing from Drexel University, Philadelphia and masters degree in international employment relations and human resource management from London School of Economics and Political Sciences. She also holds a bachelor of science degree in business administration. Ms. Sheth has approximately 6 years of experience in the jewellery business. She is responsible for the overall sales review and management of our Company's institutional retail clients in the United Sates of America as well as all oversees the strategic alliances with, and new business development for, institutional and retail clients in the United States of America. She also plays an active role in managing product development for all the US markets. The remuneration paid to her for the last Fiscal was Rs. 1.50 million.

Ms. Nalini Rajan, is an executive Director (Finance) of our Company. She is an associate member of the Institute of Chartered Accountants of India and is a commerce graduate from Mumbai University. Ms. Rajan has approximately 21 years of experience in the field of finance, out of which 15 years have been in the jewellery industry. She oversees finance and accounts division of our Company. The remuneration paid to her for the last Fiscal was Rs. 4.17 million.

Mr. Vikram Raizada, is an executive Director (Marketing, Retail and Business Development) of our Company. He holds a graduate degree in arts (economics) from the University of Mumbai and a degree in business (marketing) from University of Southern Queensland, Australia. Mr. Raizada has approximately 20 years of experience in the marketing and lifestyle industry with organizations such as IMG, Murjani Group, MTV Networks, Intergold, Ogilvy & Mather and Trikaya Grey. The remuneration paid to him for the last Fiscal was Rs. 7.00 million.

Mr. Rajiv Lochan Jain, is a non-executive Director of our Company. He holds a graduate degree in chemical engineering from Indian Institute of Technology, Kharagpur and master of business administration from the Whittemore School of Business and Economics. Mr. Jain has approximately 36 years of experience in the fast moving consumer goods, chemical and finance industries. He was a member of the board of ICI India Limited for over 12 years and was also the managing director of the company for over six years. He was the chairman of both ICI's Research Company in India and the joint-venture company of ICI and Orica, Australia. He is an independent director on the board of Goodyear India Limited and chairman of Performance Capital Partners LLP. The remuneration paid to him for the last Fiscal was Rs. 0.29 million.

Mr. Shanti Saroop Khindria, is a non-executive Director of our Company. He holds a graduate degree in law from Kent University. Mr. Khindria has approximately 28 years of experience in the legal profession. He is the founder of Lexindia, a law firm with offices in London, Paris and New Delhi. He is admitted as a Solicitor in England and

Wales, Solicitor Incorporated Law Society, Mumbai and Avocat à la Cour de Paris. He divides his time between London and Paris and his practice areas are company, commercial, litigation, joint ventures, telecommunications, infrastructure, and technology transfers. He was previously an in-house lawyer for Alcatel's international division where he was in charge of Indian legal affairs for the group. Mr. Khindria has published books titled 'Khindria on Business law: 2003: An Indian Perspective' and 'Foreign Direct Investment in India'. He has also published several articles in Europe on diverse aspects of doing business in India both in English and French, ranging from topics like enforceability of shareholders agreements, enforcement of arbitral awards and investment and transfer of technology. The remuneration paid to him for the last Fiscal was Rs. 0.31 million.

Mr. Rakesh Kalra, is a non-executive Director of our Company. He holds a graduate degree in mechanical engineering from Birla Institute of Technology and Science, Pilani. Mr. Kalra has approximately 31 years of experience in the automobile industry. He has worked with Bharat Electronics Limited, Bangalore and Eicher Motors Limited. He joined Mahindra Navistar Automotives Limited, a joint venture company promoted by Mahindra and Mahindra and International Truck and Engine Corporation of United States of America in 2006 as a chief executive officer and was soon re-designated as the managing director of the company. He has played an active role as a member of Confederation of Indian Industry, Madhya Pradesh Council and Confederation of Indian Industry, Western Region Council. He also served as a member of Indian Institute of Management, Indore and was a part of its board of governors. He is on the board of Indore Management Association and chairs the board of governors at the Asian School of Business Management, Bhubaneswar. The remuneration paid to him for the last Fiscal was Rs. 0.31 million.

Ms. Fern Mallis, is a non-executive Director of our Company. She holds a bachelors degree of fine arts from the University of Buffalo. Ms. Mallis has approximately 41 years of experience in the architecture, design and fashion industries. She has worked with Conde Nast Publications (Mademoiselle Magazine), Fashion Director Gimbel's East Department Store and Pres Fern Mallis Public Relations. She was the senior vice president of International Design Center, New York, the executive director of Council of Fashion Designers of America from 1991 to 2001 and the senior vice president of IMG Fashion from 2001 to 2010. The remuneration paid to her for the last Fiscal was Rs. 0.31 million.

Mr. Nikkhil Vaidya, is a non-executive Director of our Company. He holds a bachelors degree in commerce from University of Mumbai and is a qualified Chartered Accountant from the Institute of Chartered Accountants of India. He has an overall work experience of more than 25 years. During this period, he gained experience in the field of direct taxation, accountancy, internal control, audit and compliance. His industry experience includes employment with companies like Bennett Coleman and Company Limited, Cable Corporation of India Limited and Ciba Geigy Limited. The remuneration paid to him for the last Fiscal was Rs. 0.31 million.

Remuneration details of our Directors:

a) Remuneration details of our executive Directors for Fiscal 2011

Apart from their remuneration as mentioned above, our executive Directors are also entitled to the following perquisites:

(1) **Mr. Rajeev Sheth** was originally appointed as a Director of our Company on April 16, 2001. He was re-appointed as the chairman and managing Director pursuant to shareholders resolution in the EGM dated September 29, 2010. The remuneration payable to him as chairman and managing Director of our Company has been determined, with effect from October 1, 2010, pursuant to a service agreement dated October 1, 2010 entered into between our Company and Mr. Sheth, for a period of five years and is constituted as under:

(a) Salary: Rs. 12.00 million per annum plus commission, subject to a maximum of 5% of profit of our Company.
(b) Furnished accommodation or house rent allowance.
(c) Medical reimbursement for self and family.
(d) Leave travel concession for self and family.
(e) Club fees subject to a maximum of two clubs but excluding admission and life membership fees.

(f) Medical insurance, in accordance with the rules of our Company.
(g) Company car for official duties.
(h) Cellular telephones for self, telephones at residence (including payment for local calls and long distance official calls).
(i) 30 days leave with full salary for every 12 months of service or part thereof.
(j) Performance Linked Incentive: Remuneration by way of performance linked incentive based on the specific goals mutually set and approved by our Board, from time to time.

(2) **Ms. Alpana Deo** was originally appointed as Director of our Company on April 16, 2001. Her designation was changed to joint managing Director with effect from April 1, 2010. The remuneration payable to her as joint managing Director of our Company has been determined, with effect from October 1, 2010, pursuant to a service agreement dated October 1, 2010 entered into between our Company and Ms. Deo for a period of five years and is constituted as under:

(a) Salary: Rs. 6.00 million per annum.
(b) Furnished accommodation or house rent allowance.
(c) Medical reimbursement for self and family.
(d) Leave travel concession for self and family.
(e) Club fees subject to a maximum of two clubs but excluding admission and life membership fees.
(f) Medical insurance, in accordance with the rules of our Company.
(g) Company car for official duties.
(h) Cellular telephones for self, telephones at residence (including payment for local calls and long distance official calls).
(i) 30 days leave with full salary for every 12 months of service or part thereof.
(j) Gratuity payable according to the rules of our Company.

(3) **Ms. Aarti Sheth** was originally appointed as additional Director of our Company on August 10, 2006. Her appointment was subsequently confirmed by the shareholders in an EGM dated September 1, 2010. The remuneration payable to her as Director has been determined, with effect from September 1, 2010, pursuant to a service agreement dated September 3, 2010 entered into between our Company and Ms. Sheth, for a period of three years and is constituted as under:

(a) Salary: Rs. 1.50 million per annum.
(b) Furnished accommodation or house rent allowance.
(c) Medical reimbursement for self and family.
(d) Leave travel concession for self and family.
(e) Club fees subject to a maximum of two clubs but excluding admission and life membership fees.
(f) Medical insurance, in accordance with the rules of our Company.
(g) Company car for official duties.
(h) Cellular telephones for self, telephones at residence (including payment for local calls and long distance official calls).
(i) 24 days privilege leave and 10 days sick/casual leave with pay for every completed year of service.
(j) Gratuity payable according to the rules of our Company.

(4) **Ms. Nalini Rajan** was originally appointed as an additional Director of our Company on October 6, 2009. Her appointment was subsequently confirmed by the shareholders in an AGM dated September 9, 2010. The remuneration payable to her as Director has been determined, with effect from October 6, 2009, pursuant to an appointment letter dated April 1, 2010, as under:

(a) Salary: Rs. 4.20 million per annum.
(b) Expenses incurred in connection with travel on business for our Company. Payment or reimbursement for such expenses in accordance with the prevailing policy of our Company in this regard.
(c) Mediclaim policy to cover the hospitalization expenses for a sum insured of Rs. 100,000.
(d) Gratuity as per Payment of Gratuity Act, 1972.
(e) 24 days privilege leave and 10 days of sick / casual leave per calendar year.

(5) **Mr. Vikram Raizada** was appointed as director and head of marketing and business development on January 4, 2010. He was appointed on our Board of Directors as an additional Director on September 4, 2010. His appointment was subsequently confirmed by the shareholders in an AGM dated September 9, 2010. The remuneration payable to him as Director has been determined, with effect from January 4, 2010, pursuant to an appointment letter dated January 4, 2010, as under:

(a) Salary: Rs. 7.20 million per annum.
(b) Expenses incurred in connection with travel on business for our Company. Payment or reimbursement for such expenses in accordance with the prevailing policy of our Company in this regard.
(c) Mediclaim policy to cover the hospitalization expenses for a sum insured of Rs. 0.10 million.
(d) Gratuity as per Payment of Gratuity Act, 1972.
(e) 24 days privilege leave and 10 days of sick / casual leave per calendar year.

b) Remuneration details of our non-executive and independent Directors for Fiscal 2011

Set forth below is the remuneration/sitting fees paid to our non-executive and independent Directors for Fiscal 2011:

(In Rs.million)

Name of the Director	Remuneration
Mr. Rajiv Lochan Jain	0.29
Mr. Shanti Saroop Khindria	0.31
Mr. Rakesh Kalra	0.31
Ms. Fern Mallis	0.31
Mr. Nikkhil Vaidya	0.31

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 61.

Details of current and past directorship(s) in listed companies whose shares have been / were suspended from being traded on the BSE / NSE and reasons for suspension

None of our Directors are currently or have been, in the past five years, on the board of directors of a listed company whose shares have been or were suspended from being traded on the NSE or BSE.

Details of current and past directorship(s) in listed companies which have been/ were delisted from the stock exchange(s) and reasons for delisting

None of our Directors are currently or have been on the board of directors of a public listed company whose shares have been or were delisted from being traded on any stock exchange.

Relationships between our Directors

Except for the following none of our other Directors are related to each other:

Name of the Director	Name of the other Director	Family Relation
Mr. Rajeev Sheth	Ms. Aarti Sheth	Father-daughter
Ms. Aarti Sheth	Ms. Alpana Deo	Cousins
Mr. Rajeev Sheth	Ms. Alpana Deo	Uncle-niece

Details of service contracts

Except as otherwise provided in this section, there are no service contracts entered into with any Directors for provision of benefits or payments of any amount upon termination of employment.

Interest of Directors

All of our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of our Board or a committee thereof, as well as to the extent of other remuneration and reimbursement of expenses, if any, payable to them under our Articles, and to the extent of remuneration, if any, paid to them for services rendered as an officer or employee of our Company.

Our Directors may also be regarded as interested in Equity Shares, if any, held by them or that may be subscribed by or allotted to the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue. All our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Interest in promotion of our Company

Except for Mr. Rajeev Sheth, none of our Directors have any interest in the promotion of our Company.

Interest in the property of our Company

Our Directors do not have any interest in any property acquired by or proposed to be acquired by our Company two years prior to filing of this DRHP.

Interest in transactions involving acquisition of land

Our Directors are not interested in any transaction with our Company involving acquisition of land, construction of building or supply of any machinery.

Interest in the business of our Company

Except as stated in the section titled "*Financial Statements – Related Party Transactions*" at pages 201 and 244 and above, and to the extent of shareholding in our Company, our Directors do not have any other interest in the business of our Company.

Changes in our Board during the last three years

Except for the following, there have been no other changes in our Board during the last three years:

Sr. No	Name of Director	Date of Appointment/Reappointment	Date of Cessation	Reason
1.	Ms. Nalini Rajan	October 6, 2009	-	Appointed as an additional Director.
2.	Mr. Aniruddh Deo	-	September 4, 2010	Retirement.
3.	Ms. Nalini Rajan	September 9, 2010	-	Appointed as Director.
4.	Mr. Vikram Raizada	September 9, 2010	-	Appointed as Director.
5.	Ms. Fern Mallis	September 20, 2010	-	Appointed as an additional Director.
6.	Mr. Rajiv Lochan Jain	September 20, 2010	-	Appointed as an additional Director.
7.	Mr. Rakesh Kalra	September 20, 2010	-	Appointed as an additional Director.
8.	Mr. Shanti Saroop Khindria	September 20, 2010	-	Appointed as an additional Director.
9.	Mr. Nikkhil Vaidya	September 20, 2010	-	Appointed as an additional Director.
10.	Ms. Nalini Rajan	August 29, 2011	-	Re-appointed as Director.
11.	Mr. Vikram Raizada	August 29, 2011	-	Re-appointed as Director.
12.	Ms. Fern Mallis	August 29, 2011	-	Appointed as Director.

Sr. No	Name of Director	Date of Appointment/Reappointment	Date of Cessation	Reason
13.	Mr. Rajiv Lochan Jain	August 29, 2011	-	Appointed as Director.
14.	Mr. Rakesh Kalra	August 29, 2011	-	Appointed as Director.
15.	Mr. Shanti Saroop Khindria	August 29, 2011	-	Appointed as Director.
16.	Mr. Nikkhil Vaidya	August 29, 2011	-	Appointed as Director.

Corporate Governance

The provisions of the Listing Agreements with respect to corporate governance and the SEBI Regulations in respect of corporate governance will be applicable to our Company immediately upon the listing of the Equity Shares on the Stock Exchanges. Our Company has complied with the corporate governance code in accordance with clause 49 of Listing Agreements, particularly, in relation to appointment of independent Directors on our Board and constitution of the audit committee, the shareholders' grievance committee and the remuneration committee. The Board functions either as a full board or through various committees constituted to oversee specific operational areas. Our Company undertakes to take all necessary steps to continue to comply with all the requirements of clause 49 of the Listing Agreement.

Currently, our Board has 10 Directors of which the chairman of the Board is an executive Director and five non-executive Directors on our Board, all of whom are independent Directors in compliance with the requirements of clause 49 of the Listing Agreement.

Our Board of Directors in their meeting dated June 14, 2011, has adopted a code of conduct for all the board members and senior management of our Company.

In terms of the clause 49 of the Listing Agreement, our Company has constituted the following committees:

(a) Audit Committee;
(b) Shareholders' Grievance Committee; and
(c) Remuneration Committee.

Audit Committee

The audit committee was constituted by our Directors at the Board meeting held on September 29, 2010 ("**Audit Committee**"). The Audit Committee comprises of the following members:

Sr. No	Name of the Member	Designation	Nature of Directorship
1.	Mr. Nikkhil Vaidya	Chairman	Independent and non-executive
2.	Mr. Rakesh Kalra	Member	Independent and non-executive
3.	Ms. Nalini Rajan	Member	Non-independent and executive

Scope and terms of reference: The Audit Committee will perform the following functions with regard to accounts and financial management:

a) oversight of our Company's financial process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
b) recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the statutory auditor and the fixation of the audit fees;
c) approval of payment to the statutory auditor for any other services rendered by the statutory auditors;
d) reviewing with the management, the annual financial statement before submission to the Board for approval, with particular reference to:

i. matters required to be included in the Directors' responsibility statement which forms part of the Directors' report pursuant to clause 22A of Section 217 of the Companies Act;
ii. changes, if any, in accounting policies and practices and reasons for the same;
iii. major accounting entries involving estimates based on the exercise of judgment by management;
iv. significant adjustments made in the financial statements arising out of audit findings;
v. disclosure of any related party transactions; and
vi. qualification in the draft audit report.

e) reviewing with the management, the quarterly financial statements before submission to our Board for approval;
f) reviewing with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of the proceeds of a public or rights issue, and making appropriate recommendations to our Board to take up steps in this matter;
g) reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
h) reviewing the adequacy on internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
i) discussion with the internal auditors on any significant findings and follow up thereon;
j) reviewing the findings of any internal investigation by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of material nature and reporting the matter to our Board;
k) discussion with the statutory auditor before audit commences, about the nature and scope of audit as well as a post audit discussion to ascertain in any area of concern;
l) to look into the reasons for substantial defaults in the payment to depositors, debenture holders shareholders (in case of default in payment of declared dividend) and creditors;
m) to review the functioning of the whistle blower policy mechanism, if any, adopted and framed from time to time;
n) 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 and background, etc. of the candidate;
o) carrying out any other function as may be mentioned in the terms of reference of the Audit Committee from time to time; and
p) any other activities as may be covered within the gamut of scope of Audit Committee by any statutory enactment(s) from time to time.

Shareholders' Grievance Committee

The shareholders' grievance committee was constituted by our Directors at the Board meeting held on September 29, 2010 ("**Shareholders' Grievance Committee**"). The Shareholders' Grievance Committee comprises of the following members:

Sr. No	Name of the Member	Designation	Nature of Directorship
1.	Mr. Rajiv Lochan Jain	Chairman	Independent and non-executive
2.	Ms. Alpana Deo	Member	Non-independent and executive
3.	Ms. Aarti Sheth	Member	Non-independent and executive

Scope and terms of reference: The Shareholders' Grievance Committee has been constituted to do the following acts:

a) to approve and register transfer and/ or transmission of all classes of share debentures;

b) redressal of shareholders and investor complaints e.g. transfer of shares, non receipt of balance sheet/ annual report, non receipt of declared dividend, interest, notices etc;
c) formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;
d) to sub-divide, consolidate and issue duplicate share certificates on behalf of our Company; and
e) to do all such acts, things, or deeds as may be necessary or incidental to the exercise of the above powers.

Remuneration Committee

The remuneration committee was constituted by our Directors at the Board meeting held on September 29, 2010 ("**Remuneration Committee**"). The Remuneration Committee comprises of the following members:

Sr. No	Name of the Member	Designation	Nature of Directorship
1.	Mr. Rakesh Kalra	Chairman	Independent and non-executive
2.	Mr. Nikkhil Vaidya	Member	Independent and non-executive
3.	Mr. Rajiv Lochan Jain	Member	Independent and non-executive

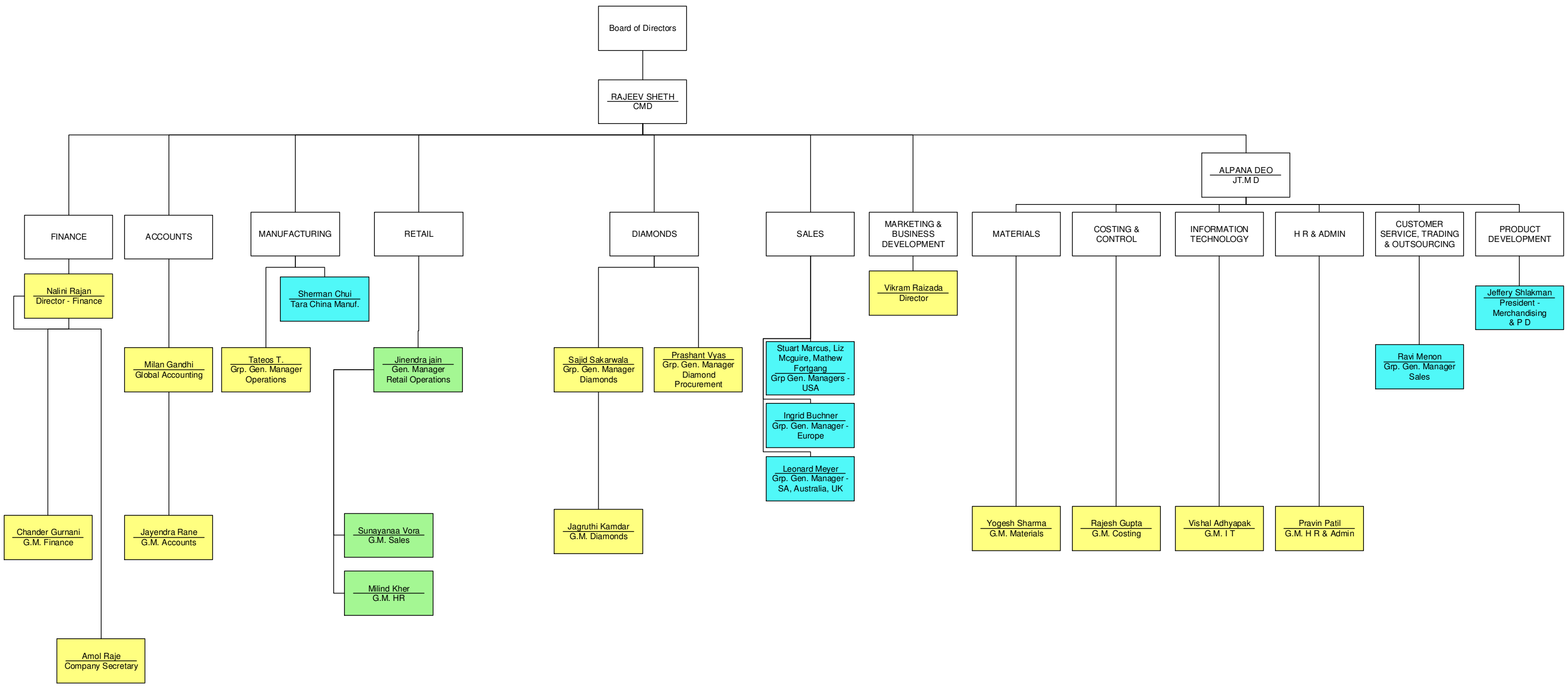
Scope and terms of reference: The Remuneration Committee exercises powers in relation to the matters listed below:

a) to review the overall compensation policy, service agreements and other employment conditions of the managing/ whole time Directors;
b) to decide on overall compensation policy for non-executive Directors;
c) stock option details, if any, and whether to be issued at a discount as well as the period over which to be accrued and over which to be exercisable; and
d) to take decision on the increments in the remuneration of Directors.

Borrowing powers of our Board

In accordance with provisions of the Companies Act and our Articles, our Board has been authorized to borrow from time to time, all such sums of money for the purposes of the business of our Company, as the Board may in its discretion think fit, provided that the money or monies to be so borrowed together with the sums already borrowed by our Company (apart from the temporary loans obtained from our Company's bankers in the ordinary course of business), shall not exceed the aggregate of the paid-up capital of our Company and its free reserves, reserves not set apart for any specific purposes, except with the consent of our shareholders in general meeting.

Management Organisational Structure



Key Managerial Personnel

In addition to our executive Directors, whose details have been provided above under "*Brief Profile of our Directors*", the details of our other Key Managerial Personnel, as of the date of this Draft Red Herring Prospectus, are set forth below. Except Ms. Ingrid Buchner, the Key Managerial Personnel of both our Company and Subsidiaries, are permanent employees.

Key Managerial Personnel of our Company

Mr. Tateos Tateossian, 56 years, is the group General Manager-operations of our Company. He holds bachelors degree in electronics engineering from Kliment Ohridski, Bulgaria. He joined our Company on July 13, 2009. He is responsible for our planning, production and quality assurance. Mr. Tateossian has approximately 36 years of experience in the field of jewellery manufacturing**.** Prior to joining our Company, he had his own factory of jewellery manufacturing at Florida. The remuneration paid to him for the last Fiscal was Rs. 1.79 million.

Ms. Sunayana Vora, 49 years, is the General Manager-sales of our Company. She holds a graduate degree in commerce from the Mumbai University. She joined our Company on September 29, 2000. She is responsible for sales and product development for the retail division. Ms. Vora has approximately 15 years of experience in the area of jewellery product development and sales. Prior to joining our Company, she had her own model making business "AKAAR" which exported models to United States of America**.** The remuneration paid to her for the last Fiscal was Rs. 1.13 million.

Mr. Sajid Salim Sakarwalla, 33 years, is the group General Manager-diamonds of our Company. He holds graduation degree in commerce from Mumbai University and also has a masters degree in management studies (finance) from Narsee Monjee Institute of Management Studies, Mumbai University. He joined our Company on October 11, 2002. He is in charge for overall diamond division of our Company. Mr. Sakarwalla has approximately nine years of experience in diamonds, jewellery manufacturing, and banking and international finance. Prior to joining our Company, he was working with Commerzbank AG, Singapore. The remuneration paid to him for the last Fiscal was Rs. 3.12 million.

Mr. Prashant Kishore Vyas, 48 years, is the group General Manager-diamond procurement of our Company. He holds bachelor of commerce degree from Mumbai University and diploma in administrative management from Narsee Monjee Institute of Management Studies, Mumbai University. He joined our Company on July 7, 2000. He is responsible for buying diamonds for our Company. Mr. Vyas has approximately 26 years of experience in diamond buying, assortment, inventory management and valuation. Prior to joining our Company, he was working with Intergold Private Limited. The remuneration paid to him for the last Fiscal was Rs. 2.50 million.

Ms. Jagruthi Kamdar, 44 years, is the General Manager-diamonds of our Company. She holds higher secondary certificate from Maharashtra State Board of Secondary and Higher Secondary Education. She joined our Company on July 1, 1997. She is responsible for diamond bagging at our Company. Ms. Kamdar has approximately 21 years of experience in the jewellery industry**.** Prior to joining our Company, she was working with M/s Fine Jewellery. The remuneration paid to her for the last Fiscal was Rs. 1.38 million.

Mr. Milind Kher, 49 years, is the General Manager-human resources of our Company. He holds masters degree in arts from Rajasthan University and masters diploma in business administration from Institute of Management Development and Research, Pune. He joined our Company on July 1, 2004. He is responsible for inventory management, project co-ordination (retail) and training (retail) of our Company. Mr. Kher has approximately 25 years of experience collectively in fast moving consumer goods markets and jewellery industry. Prior to joining our Company, he was working with ITC Limited. The remuneration paid to him for the last Fiscal was Rs. 1.49 million.

Mr. Ravindran M.P, 46 years, is the group General Manager-services and outsourcing of our Company. He holds a post graduate degree in computer science and masters in business administration in Systems Management from Mumbai University. He joined our Company on July 5, 2001. He is in charge of customer care, trading and outsourcing operations in our Company. He has approximately 21 years of experience in the areas of jewellery and engineering**.** Prior to joining our Company, he was working with RB Jewellery Corporation. The remuneration paid to him for the last Fiscal was Rs. 2.31 million.

Mr. Jayendra Rane, 44 years, is the General Manager-accounts of our Company. He is a qualified Chartered Accountant and Certified Public Accountant. He joined our Company on July 1, 2010. He is in charge of accounts division of our Company. Mr**.** Rane has approximately 20 years of experience in finance and accounts in pharmaceuticals, chemicals and jewellery industry. Prior to joining our Company, he was working with Flamingo Pharmaceuticals Limited. The remuneration paid to him for the last Fiscal was Rs. 1.32 million.

Mr. Chander Gurnani, 36 years, is the General Manager-finance of our Company. He is a qualified Chartered Accountant. He joined our Company on August 28, 2000. He is responsible for managing finance and tax matters of our Company. Mr. Gurnani has approximately 12 years of experience in the field of accounts and finance**.** Prior to joining our Company, he was working with C.B Chhajed and Company. The remuneration paid to him for the last Fiscal was Rs. 1.42 million.

Mr. Rajesh Gupta, 44 years, is the General Manager-costing of our Company. He is a qualified Chartered Accountant and Cost and Works Accountant. He joined our Company on February 2, 2009. He is responsible for costing analysis and controls therein at our Company. Mr. Gupta has approximately 18 years of experience in manufacturing and retail industry. Prior to joining our Company, he was working with Wadhwan Food Retail Private Limited. The remuneration paid to him for the last Fiscal was Rs. 2.23 million.

Mr. Vishal Adhyapak, 32 years, is the General Manager-information technology of our Company. He holds diploma in mechanical engineering from Mumbai University. He joined our Company on February 12, 2003. He is in overall in charge of information technology division of our Company. Mr. Adhyapak has approximately 12 years of experience in his field**.** Prior to joining our Company he was working with M**/s** Jewellery Solutions. The remuneration paid to him for the last Fiscal was Rs. 1.39 million.

Mr. Pravin Patil, 44 years, is the General Manager-human resources and administration of our Company. He holds masters degree in labour studies and also a graduation degree in law from Mumbai University. He joined our Company on July 1, 2004. He is responsible for human resources and administrative division of our Company. Mr. Patil has approximately 21 years of experience in the area of human resource and administration in hospitality and jewellery industry. Prior to joining our Company, he was working with International Gold Private Limited**.** The remuneration paid to him for the last Fiscal was Rs. 1.39 million.

Mr. Amol Raje, 30 years, is the Company Secretary of our Company. He holds degree in bachelor of commerce and bachelor of law from Mumbai University. He is also an associate member of the Institute of Company Secretaries of India. He joined our Company on March 15, 2010. He is responsible for handling all company secretarial and legal matters of our Company. Mr. Raje has approximately eight years of experience in the fields of secretarial and legal practice. Prior to joining our Company, he was working with Exactus Corporation Private Limited. The remuneration paid to him for the last Fiscal was Rs. 0.99 million.

Mr. Jinendra Jain, 43 years, is the General Manager-retail of our Company. He holds a bachelors degree of engineering in electronics from Mumbai University. He joined our Company on June 22, 2010. He is responsible for retail operations at our Company. Mr. Jain has approximately 21 years of experience in the field of jewellery manufacturing, designing, marketing, human resources and administration functions. Prior to joining our Company he was working with Sanghavi Jewels Private Limited. The remuneration paid to him for the last Fiscal was Rs. 1.88 million.

Mr. Yogesh Sharma, 44 years, is the general manager-materials of our company. He holds a bachelors degree in industrial engineering from Pune University and a diploma in marketing management from Welingkar Institute, Mumbai. He has also completed a certificate course in ISO 9000 quality systems. He joined our Company on September 17, 2010. He is responsible for materials, inventory and supply chain management at our Company. Mr. Sharma has over 19 years of experience in the jewellery and automotive industry sectors. Prior to joining our Company he was working with Gitanjali Gems Limited**.** The remuneration paid to him for the last Fiscal was Rs. 0.48 million.

Ms. Ingrid Buchner, 56 years, is the director- sales of our Company in Europe. She is a high school graduate from the German University and has also completed a certificate course in business management. She is responsible for sales and marketing division of our Company. Ms. Buchner has approximately 36 years of experience in jewellery manufacturing, merchandising, sales and marketing. She trains merchandisers as well as designers by analyzing and setting up market trends. She is responsible for working out customer specific product lines. Prior to joining our Company, she was at S+M Intergold. The remuneration paid to her for the last Fiscal was Rs. 8.14 million.

Mr. Jeffrey Shlakman, 50 years, is the president-merchandising and product development of our Company. He holds a degree in architecture and graduated from The Cooper Union. He is responsible for providing creative direction to our design and merchandising team. He also has direct sales responsibilities. He has 31years of experience in diamond and jewellery manufacturing business. Prior to joining our Company, Mr. Shlakman was the senior vice president of merchandising at Andin International. The remuneration paid to him for the last Fiscal was Rs. 21.89 million.

Mr. Leonard Meyer, 53 years, is the president-sales of our offices in South Africa, Australia and United Kingdom. He holds an honors degree in economics from University of Cape Town, South Africa. He joined our Company on July 1, 2007. He is responsible for sales and marketing in the Australasian, United Kingdom and South African markets. Mr. Meyer has 29 years of experience in the field of mail order, direct marketing and the jewellery industry, in both fields of manufacturing and retail. Prior to joining our Company, he was the sales and marketing executive at Kurgan International (Hong Kong) Limited. The remuneration paid to him for the last Fiscal was Rs. 13.89 million.

Key Managerial Personnel of our Subsidiaries

Mr. Milan Gandhi, 44 years, is the chief operating officer of our Subsidiary Fabrikant-Tara International LLC. He holds a bachelor's degree in accounting and is a chartered accountant. He also holds certified information systems auditor certification from Information Systems Audit and Control Association, United States of America. He has a distinguished academic career and extensive administrative, financial, information technology and managerial expertise. Since joining our Company, Mr. Gandhi has been involved in a wide range of strategic decisions including analyzing individual product, customer profitability and product/process enhancements for variety of customers. The remuneration paid to him for the last Financial Year was Rs. 6.90 million.

Mr. Matthew Fortgang, 49 years, is the president-sales of our Subsidiary Fabrikant-Tara International LLC. He holds a bachelor of arts degree from the San Francisco State University. His responsibilities in our Company include focus on customer sales, merchandising and customer relations. Mr. Fortgang has been in the diamond and jewellery industry for over 26 years. The remuneration paid to him for the last Fiscal was Rs. 9.78 million.

Mr. Sherman Chui, 47 years, is the president of our Subsidiary, Tara China Jewelry Limited. He graduated from Illinois State University with masters in business administration with specialization in finance. He is a member of the National Honor Society, Alpha Mu Gamma, a language honor society, and Tri-Beta, a National Biology Honor Society. After graduation, he worked for Proctor & Gamble as the management system division group manager. He has over 21 years of senior management experience with more than 10 years focusing on the jewellery industry. In his spare time, he teaches marketing for masters in business administration at Guangdong University of Foreign Studies. He is also the marketing and communication officer for Peace International Foundation, a charitable organization which serves the United Nations in the annual promotion of Peace Day and Peace Education efforts in Hong Kong. The remuneration paid to him for the last Fiscal was Rs. 8.28 million.

Mr. Stuart Marcus, 54 years, is the vice president-sales of our Subsidiary Fabrikant-Tara International LLC. He holds a bachelor of arts degree in marketing from the Northeastern University, Boston. He is responsible for diamond fashion and bridal sales to many of our accounts. Mr Marcus has approximately 29 years of experience in jewellery and four years in table top merchandise. Prior to joining our Company, he was working with Direct Partners as a founding partner. The remuneration paid to him for the last Fiscal was Rs. 10.29 million.

Ms. Elisabeth McGuire, 40 years, is the vice president-sales of our Subsidiary Fabrikant-Tara International LLC. She holds a graduate degree in English and marketing from Providence College. She is involved in creative merchandising and marketing initiatives, pricing, technological innovations, trend forecasting, sales analysis and inventory management. Prior to working in the jewellery industry, she worked in business marketing with companies such as Viacom, Bayerische Motoren Werk (BMW) and Citibank. The remuneration paid to her for the last Fiscal was Rs. 9.89 million.

Relationships between Key Managerial Personnel

Except for the relationship between our Directors as disclosed above, none of our Key Managerial Personnel are related to each other.

Details of service contracts of our Key Managerial Personnel

Except for the appointment letters, our Key Managerial Personnel have not entered into any other contractual arrangements with our Company.

Further, all our Key Managerial Personnel mentioned above are officers of our Company and Subsidiaries vested with executive powers and function at a level immediately below the Board.

Interest of Key Managerial Personnel

Except as disclosed below, none of our Key Managerial Personnel have any interest in our Company and/or our Subsidiaries 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 and to the extent of Equity Shares held by them in our Company and/or our Subsidiaries.

Shareholding of our Key Managerial Personnel

Except as disclosed in the section titled "*Capital Structure*" at page 61, none of our Key Managerial Personnel have any shareholding in our Company.

Changes in our Key Managerial Personnel

The changes in our Key Managerial Personnel during the last three years are as follows:

S. No.	Name	Date of Appointment	Date of Change/ Cessation	Reason (if any)
1.	Ms. Jagruthi Kamdar	-	April 1, 2008	Promotion
2.	Mr. Alok Lakhiprasad Gupta	-	September 2, 2008	Resignation
3.	Mr. Rajesh Ganesh Gupta	February 2, 2009	-	Appointment
4.	Mr. Arun Bhaskar Deoras	-	March 31, 2009	Resignation
5.	Ms. Manisha Ashutosh Phadke	November 16, 2009	October 31, 2010	Resignation
6.	Mr. Sharad Prasad	March 2, 2010	March 15, 2011	Resignation
7.	Mr. Vishal Vilas Adhyapak	-	April 1, 2010	Promotion
8.	Mr. Ravindran M.P	-	April 1, 2010	Promotion
9.	Mr. Tateos Tateossian	-	April 1, 2010	Promotion
10.	Mr. Chander Prakash Gurnani	-	April 1, 2010	Promotion
11.	Mr. Jayendra Balkrishna Rane	July 1, 2010	-	Appointment
12.	Mr. Amol Raje	March 15, 2010	-	Appointment
13.	Mr. Yogesh Sharma	April 1, 2011	-	Promotion

Bonus or profit sharing plan for our Key Managerial Personnel

There is no bonus or profit sharing plan for our Key Managerial Personnel.

Scheme of employee stock option or employee stock purchase

For details on our employee stock option scheme, please refer to the section titled "*Capital Structure*" on page 61.

Payment of benefit to officers of our Company (non-salary related)

No amount or benefit has been paid or given to any officer of our Company within the two preceding years from the date of filing of this Draft Red Herring Prospectus or is intended to be paid, other than in the ordinary course of their employment.

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 such officer's employment in our Company or superannuation.

Loans taken by Directors / Key Managerial Personnel

Our Directors and Key Managerial Personnel have not taken any loan from our Company which are currently outstanding.

Arrangements and understanding with major shareholders

None of our Directors or Key Managerial Personnel have been appointed as a Director or member of senior management pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others.

OUR PROMOTERS AND GROUP COMPANIES

Promoter

Mr. Rajeev Sheth is the Promoter of our Company:

The details of Mr. Rajeev Sheth, our Promoter, are as follows:

Permanent Account Number	AAFPS7760Q
Passport Number	J1630391
Driving License Number	MH01 20100022194
Bank Account Number	11063728559
Address:	3, Villa Ramona, 37/A Napeansea Road Mumbai - 400 036 Maharashtra India

For more details of our Promoter, Mr. Rajeev Sheth, see section titled "*Our Management*" at page 136.

We confirm that the details of the PAN, bank account numbers and passport numbers of our Promoter will be submitted to the Stock Exchanges at the time of filing the DRHP with the Stock Exchanges.

Interest of the Promoter

Interest in promotion of our Company

Our Company was incorporated by Mr. Rajeev Sheth. For this purpose, he had subscribed to our Memorandum of Association and to the initial issue of our Equity Shares.

Interest in the property of our Company

Our Promoter does not have any interest in any property acquired by or proposed to be acquired by our Company two years prior to filing of this DRHP.

Interest as member of our Company

Mr. Rajeev Sheth, our Promoter, holds 14,482,893 Equity Shares in our Company and is therefore interested to the extent of his shareholding and the dividend declared, if any, by our Company. Except to the extent of his shareholding in our Company and benefits provided to him, as given in the section titled "*Our Management*" at page 136, he holds no other interest in our Company.

Interest as Director of our Company

Please refer to section titled "*Our Management – Interest of our Directors*" at page 143.

Interest in transactions involving acquisition of land

Our Promoter is not currently interested in any transaction with our Company involving acquisition of land, construction of building or supply of any machinery.

Payment of benefits to our Promoter during the last two years

Except as stated in the section titled "*Financial Statements - Related Party Transactions*" at pages 201 and 244, there has been no payment of benefits to our Promoter or Promoter Group during the two years preceding the date of filing of this DRHP.

Confirmations by the Promoter

Our Promoter, including relatives of our Promoter, have confirmed that they have not been detained as wilful defaulters by the RBI or any other Governmental authority and there are no violations of securities laws committed by them in the past or pending against them and our Promoter, including relatives of Promoter, have not been restricted from accessing the capital markets for any reasons, by SEBI or any other authorities.

Related party transactions

Except as disclosed in the section "*Financial Information - Related Party Transactions*" at pages 201 and 244, our Company has not entered into any related party transactions with the Promoter or Group Companies and entities.

Promoter Group

Promoter Group Individuals

The following natural persons (being the immediate relatives of our Promoter, Mr. Rajeev Sheth) form part of our Promoter Group:

Relationship	
Father	Mr. Vasant Sheth
Mother	Mrs. Taramati Sheth
Brother	Dr. Deepak Sheth
Spouse	Mrs. Purnima Sheth
Children	Ms. Aarti Sheth and Ms. Divya Sheth
Spouse's Father	Dr. Natwarlal Vaidya
Spouse's Mother	Mrs. Kusum Vaidya
Spouse's Brother	Mr. Biren Vaidya

Promoter Group companies and entities

The companies and entities, other than the entities described in section titled "*History and Certain Corporate Matters*" at page 126, that form part of our Promoter Group are as follows:

Companies:

S. No.	Name
1	Divya Jewels International Private Limited
2	Divya Real Estate Private Limited
3	Tara Sparkles Private Limited
4	Herbolab India Private Limited
5	Aarti Jewellers Private Limited
6	Karan Arjun Jewellery Private Limited
7	Egana India Private Limited

HUFs:

S. No.	Name
1	Natwarlal D. Vaidya HUF
2	Biren N. Vaidya HUF

Group Companies

As specified in the SEBI Regulations, the companies, other than our Subsidiaries, which form part of our Group Companies, are as follows:

S. No.	Name
a)	Divya Jewels International Private Limited
b)	Divya Real Estate Private Limited
c)	Tara Sparkles Private Limited
d)	Tara Duniya Corporation

Unless otherwise stated, no equity shares of our Group Companies are listed on any stock exchange and they have not made any public or rights issue of securities in the preceding three years.

The details of our Group Companies based on the turnover are as follows:

1. Divya Jewels International Private Limited

Divya Jewels International Private Limited was incorporated under the Companies Act on October 13, 2000. The registered office of the company is situated at 1st Floor, B 14 Girgaum Teraces, Benham Hall Lane, Agannath Shankarsheth Road, Mumbai – 400 004. The object of this company is to carry on the business as manufacturers, processors, traders, dealers, wholesalers, retailers, producers and purchasers, sellers, distributors, importers, exporters, commission agents, brokers in all kinds of diamonds, precious stones, semi-precious stones, glass stones in whatever shape and whether rough, cut or polished and including industrial and gem diamonds, all kinds of pearls including bewaca, keshi (raw and finished), cultured pearls (raw and finished), synthetic pearls, coral, all kinds of jewellery and ornaments (real or imitation), all kinds of metals - gold, silver, platinum or other like metals, either for ready and/or forward delivery.

Shareholding pattern

Set forth below is the shareholding pattern of Divya Jewels International Private Limited as on November 30, 2011:

Name of shareholder	Number of equity shares of Rs. 10 each	% of issued capital
Mr. Rajeev Sheth	494,900	98.98
Mrs. Purnima Sheth	100	0.02
Tara Jewels Limited	5,000	1.00
Total	500,000	100.00

Board of directors

The board of directors of Divya Jewels International Private Limited as on November 30, 2011, comprises of:

1. Mr. Rajeev Sheth;
2. Mrs. Purnima Sheth;
3. Ms. Alpana Deo; and
4. Mr. Prashant Vyas.

Financial Performance

The audited financial results of the company for the last three financial years are as follows:

(Rs. in million, except per share data)

Particulars	Fiscal 2011	Fiscal 2010	Fiscal 2009
Sales and other income	0.84	79.10	62.99
Profit/ (Loss) after tax	0.56	0.64	0.44
Equity capital (par value Rs. 10 per share)	5.00	5.00	5.00
Reserves and Surplus (excluding	15.42	14.87	14.23

Particulars	Fiscal 2011	Fiscal 2010	Fiscal 2009
revaluation reserves)			
Earnings/ (Loss) per share (basic) (Rs.)	1.11	1.28	0.87
Earnings/ (Loss) per share (diluted) (Rs.)	1.11	1.28	0.87
Net Asset Value	20.42	19.87	19.23

Divya Jewels International Private Limited is an unlisted company and has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of the SICA, it is not under winding up and does not have a negative net worth.

2. Divya Real Estate Private Limited

Divya Real Estate Private Limited was incorporated under the Companies Act on October 20, 1995. The registered office of the company is situated at 3rd Floor, Hormaz Mansion, above Cymroza Art Gallery, 72, Bhulabhai Desai Road Mumbai – 400 026. The object of this company is to carry on the business as builders and developers of real estate.

Shareholding pattern

Set forth below is the shareholding pattern of Divya Real Estate Private Limited as on November 30, 2011:

Name of shareholder	Number of equity shares of Rs. 10 each	% of issued capital
Mr. Rajeev Sheth	214,100	99.95
Mrs. Purnima Sheth	100	0.05
Total	214,200	100.00

Board of directors

The board of directors of Divya Real Estate Private Limited as on November 30, 2011, comprises of:

1. Mr. Rajeev Sheth; and
2. Mrs. Purnima Sheth.

Financial Performance

The audited financial results of the company for the last three financial years are as follows:

(Rs. in million, except per share data)

Particulars	Fiscal 2011	Fiscal 2010	Fiscal 2009
Sales and other income	2.23	1.77	1.77
Profit/ (Loss) after tax	1.29	0.93	1.24
Equity capital (par value Rs. 10 per share)	2.14	2.14	2.14
Reserves and Surplus (excluding revaluation reserves)	6.41	5.11	4.19
Earnings/ (Loss) per share (basic) (Rs.)	6.03	4.33	5.80
Earnings/ (Loss) per share (diluted) (Rs.)	6.03	4.33	5.80
Net Asset Value	8.55	7.26	6.33

Divya Real Estate Private Limited is an unlisted company and has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of the SICA, it is not under winding up and does not have a negative net worth.

3. Tara Sparkles Private Limited

Tara Sparkles Private Limited was incorporated under the Companies Act on December 14, 2005. The registered office of the company is situated at Plot No. 122, 15th Road, Near IDBI Bank, MIDC, Andheri (East), Mumbai - 400 096. The object of this company is to carry on the business of as manufacturers, processors, traders, dealers, wholesalers, retailers, producers of and purchasers, sellers, distributors, importers, exporters, auctioneers, commission agents, brokers, barter dealers, mortgagers, pledgers in all kinds of diamond, precious stones, semi-precious stones, pearls, glass stones-in whatever share and whether rough, cut or polished, including, industrial and gem diamonds, all kinds of jewellery and ornaments –real or imitation and metals –gold, silver, platinum or other alike metals, either for ready and / or forward delivery.

Shareholding pattern

Set forth below is the shareholding pattern of Tara Sparkles Private Limited as on November 30, 2011:

Name of shareholder	Number of equity shares of Rs. 10 each	% of issued capital
Mr. Rajeev Sheth	6,000	60.00
Ms. Alpana Deo	4,000	40.00
Total	10,000	100.00

Board of directors

The board of directors of Tara Sparkles Private Limited as on November 30, 2011, comprises of:

1. Mr. Rajeev Sheth;
2. Mr. Anirudhh Deo; and
3. Ms. Alpana Deo.

Financial Performance

The audited financial results of the company for the last three financial years are as follows:

(Rs. in million, except per share data)

Particulars	Fiscal 2011	Fiscal 2010	Fiscal 2009
Sales and other income	-	-	4.23
Profit/ (Loss) after tax	-	(0.03)	1.42
Equity capital (par value Rs. 10 per share)	0.10	0.10	0.10
Reserves and Surplus (excluding revaluation reserves)	(12.90)	(7.47)	(7.44)
Earnings/ (Loss) per share (basic) (Rs.)	-	(3.31)	142.42
Earnings/ (Loss) per share (diluted) (Rs.)	-	(3.31)	142.42
Net Asset Value	(12.80)	(12.79)	(12.76)

Tara Sparkles Private Limited is an unlisted company and has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of the SICA and is not under winding up. Tara Sparkles Private Limited has a negative net worth.

4. Tara Duniya Corporation

Tara Duniya Corporation was incorporated in the British Virgin Island as a BVI Business company on May 18, 2007. The registered office of the company is situated at Tricor Services (BVI) Limited, PO Box 3340, Road Town,Tortola, British Virgin Island. The company is engaged in the business of dealing in investments.

Shareholding pattern

As on November 30, 2011, Mr. Rajeev Sheth holds one share in the company which constitutes 100% of its issued capital.

Board of directors

The board of directors of Tara Duniya Corporation as on November 30, 2011, comprises of Mr. Rajeev Sheth.

Financial Performance

The audited financial results of the company for the last three financial years are as follows:

(Rs. in million, except per share data)

Particulars	Fiscal 2011	Fiscal 2010	Fiscal 2009
Sales and other income	23.48	0.96	0.91
Profit/ (Loss) after tax	11.99	0.88	0.73
Equity capital (par value U.S. Dollar 1 per share)	0.00	0.00	0.00
Reserves and Surplus (excluding revaluation reserves)	19.10	7.11	7.10
Earnings/ (Loss) per share (basic) (Rs.)	11,988,489	875,861	728,563
Earnings/ (Loss) per share (diluted) (Rs.)	11,988,489	875,861	728,563
Net Asset Value	19.10	7.11	7.10

Tara Duniya Corporation is an unlisted company and has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of the SICA, it is not under winding up and does not have a negative net worth.

Companies from which our Promoter has been disassociated

Details of Companies from which our Promoter has been disassociated:

Name of the company	Date of disassociation	Reason for disassociation
Tara Beverages Private Limited	September 20, 2010	Resignation from the board of directors of the company
Newstar Jewels Private Limited	May 20, 2008	Company declared defunct under Section 560 of the Companies Act
Tara Infotech Private Limited	May 20, 2008	Application made for declaring the company defunct under Section 560 of the Companies Act

Common Pursuits/Conflict of Interest

Certain of our Group Companies, as disclosed in this chapter, engage in or are authorised under their articles of association to engage in business similar to that of our Company. Further, certain of our Subsidiaries engage in, or are authorised under their articles of association to engage in business similar to that of our Company. For further information, see section titled "*History and Certain Corporate Matters-Subsidiaries of our Company*" on page 130.

We have entered into a non-compete agreement with our Group Company Divya Jewels International Private Limited. For details of this agreement, see section titled "*History and Certain Corporate Matters – Other Agreements*" on page 133. To this extent, we may have a potential conflict of interest between the said Group Company and our Company.

Related Party Transactions

For details of the related party transactions, see section titled *"Financial Statements - Related Party Transactions"* at pages 201 and 244.

Other confirmations

Interest in sales and purchases

Except as disclosed in section titled "*Financial Statements - Related Party Transactions*" on pages 201 and 244, there have been no sales and purchases between us and our Group Companies, Subsidiaries and associate companies, when such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of our Company.

Business Interests

Except as disclosed in section titled "*Financial Statements - Related Party Transactions*" on pages 201 and 244, none of our Group Companies and entities / Subsidiaries / associate companies have any business interests in our Company.

Defunct Group Companies

None of our Group Companies has remained defunct and no application has been made to the Registrar of Companies for striking off their name from the register of companies, during the five years preceding the date of filing of this DRHP.

Interest in promotion of our Company

None of our Group Companies were interested in the promotion of our Company.

Interest in the property of our Company

Our Group Companies do not have any interest in any property acquired by or proposed to be acquired by our Company two years prior to filing of this DRHP.

Interest in the transaction involving acquisition of land

None of our Group Companies were interested in any transaction with our Company involving acquisition of land, construction of building or supply of any machinery.

RELATED PARTY TRANSACTIONS

For details on related party transactions of our Company on a stand-alone and consolidated basis, see Annexure 18 and Annexure 17 to the restated unconsolidated and consolidated financial statements, respectively in section titled "*Financial Statements*" on pages 201 and 244, respectively.

DIVIDEND POLICY

Our Company does not have any formal dividend policy. The declaration and payment of dividend are governed by the applicable provisions of the Companies Act and the Articles of Association of our Company and will depend on a number of other factors, including the results of operations, financial condition, capital requirements and surplus, contractual restrictions and other factors considered relevant by our Board.

Our Company has not declared any dividend on the Equity Shares in the last five financial years.

SECTION V – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

AUDITOR'S REPORT ON THE UNCONSOLIDATED RESTATED FINANCIAL STATEMENT OF TARA JEWELS LIMITED

To,
The Board of Directors
Tara Jewels Limited
Plot No. 122, 15th Road,
Near IDBI Bank, MIDC,
Andheri (E), Mumbai - 400093.

Dear Sirs,

1. We have examined the Unconsolidated Summary Statement of Assets and Liabilities, as Restated of Tara Jewels Limited ('the Company') as at June 30, 2011, March 31, 2011, 2010, 2009, 2008 and 2007 and the related Unconsolidated Summary Statement of Profits and Losses, as Restated and Unconsolidated Statement of Cash Flows, as Restated for the three month period ended June 30, 2011 and for the financial years ended March 31, 2011, 2010, 2009, 2008, and 2007 (collectively, the "Unconsolidated Restated Summary Statements"). These Unconsolidated Restated Summary Statements have been prepared by the Company and approved by the Board of Directors of the Company for the purpose of disclosure in the Draft Red Herring Prospectus / Red Herring Prospectus / Prospectus (Referred as 'Offer Document') being issued by the Company in connection with the proposed Initial Public Offering ('IPO'). These Unconsolidated Restated Summary Statements has been prepared in accordance with the requirements of:

    a) Paragraph B(1) of Part II of Schedule II of the Companies Act, 1956 ('the Act'); and
    b) The Securities and Exchange Board of India (issue of Capital and Disclosure Requirements) Regulations 2009 issued by Securities and Exchange Board of India ("SEBI") on August 26, 2009 (as amended from time to time) in pursuance of Section 30 of the Securities and Exchange Board of India Act, 1992 (the "SEBI Regulations").

2. We have examined such Unconsolidated Restated Summary Statement taking into consideration:

    a) Revised Guidance Note on Reports in Company Prospectuses (as amended from time to time) issued by the Institute of Chartered Accountants of India (the "ICAI"); and
    b) The respective terms of our engagement with the Company, requesting us to carry out the work in connection with the Offer Document being issued by the Company for its proposed IPO.

Unconsolidated Restated Summary Statements as per Audited Financial Statements:

3. The Unconsolidated Restated Summary Statements of the Company have been extracted by the management from the Audited Unconsolidated Financial Statements of the Company which have been approved by the Board of Directors and audited by us for the three month period ended June 30, 2011 and for the years ended March 31, 2011, 2010, 2009, 2008, and 2007.

4. In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the SEBI Regulations and terms of our engagement agreed with you, we report that:
    a) The Unconsolidated Restated Summary Statement of the Company, as restated, for the three month period ended June 30, 2011 and for the financial years ended March 31, 2011, 2010, 2009, 2008 and 2007 as set out in Annexure 1, 2 and 3 to this report, are prepared by the Company after making adjustments and regroupings as in our opinion were appropriate and more fully described in Significant Accounting policies (Refer

Annexure 4) and Notes on Restatement and Changes to Significant Accounting Policies (Refer Annexure 5).

b) Based on the our examination, we confirm that:

(i) The impact arising on account of correction / changes in accounting policies have been adjusted with retrospective effect in the respective financial years / period to which they relate, to reflect the same accounting treatment as per changed / corrected accounting policy for all the reporting periods;
(ii) Adjustments for material amounts in the respective financial years / period to which they relate;
(iii) There are no extra-ordinary items which need to be disclosed separately in the Unconsolidated Restated Summary Statements;
(iv) There are no qualifications in the auditor's reports, which require any adjustments to the Unconsolidated Restated Summary Statements and
(v) There are no revaluation reserves which need to be disclosed separately in the restated financial information in the respective financial years / period.

Other Unconsolidated Financial Information:

5. At the Company's request, we have examined the following Other Unconsolidated Financial Information, as Restated, prepared by the management and approved by the Board of Directors of the Company, proposed to be included in the Offer Document and annexed to this report relating to the Company for the three month period ended June 30, 2011 and for the financial years ending on March 31, 2011, 2010, 2009, 2008 and 2007 except stated otherwise:

(i) Unconsolidated Statement of Accounting Ratios (on Restated Numbers) (Annexure 6)
(ii) Statement of Tax Shelters, as Restated (Annexure 7);
(iii) Capitalization Statement, as Restated (Annexure 8);
(iv) Unconsolidated Statement of Dividend Paid, as Restated (Annexure 9);
(v) Unconsolidated Statement of Secured Loan, as Restated (Annexure 10);
(vi) Statement of Principle Terms and Conditions of Secured Loans as at June 30, 2011 (Annexure 10A);
(vii) Unconsolidated Statement of Unsecured Loans, as Restated (Annexure 11);
(viii) Unconsolidated Statement of Investments, as Restated (Annexure 12);
(ix) Unconsolidated Statement of Sundry Debtors, as Restated (Annexure 13);
(x) Unconsolidated Statement of Loans and Advances, as Restated (Annexure 14);
(xi) Unconsolidated Statement of Current Liabilities and Provisions, as Restated (Annexure 15);
(xii) Unconsolidated Statement of Other Income, as Restated (Annexure 16);
(xiii) Unconsolidated Statement of Contingent Liabilities, as Restated (Annexure 17);
(xiv) Unconsolidated Restated Statement of Related Party Disclosures (Annexure 18); and
(xv) Unconsolidated Statement of Segment Information (on Restated Numbers) (Annexure 19).

6. In our opinion, the Other Unconsolidated Financial Information, as restated contained in the Annexure to this report as referred to above, read along with the Significant Accounting Policies as set out in Annexure 4 and Notes on Restatements and Changes to Significant Accounting Policies as set out in Annexure 5 have been prepared after making adjustments and regrouping as considered appropriate, in accordance with the Paragraph B(1) of Part II of Schedule II of the Act and the SEBI Regulations.

Others:

7. We have not audited any financial statements of the Company as of any date or for any period subsequent to June 30, 2011. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to June 30, 2011.

8. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

9. This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed IPO by the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For C. B. Chhajed & Co.
Chartered Accountants
(Firm Regn. No: 101796W)

Place: Mumbai
Dated: 14.12.2011

C. B. Chhajed
{Partner}
Membership No. : 009447

ANNEXURE 1 - UNCONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. In Million)

Sr. No.	Particulars	As at	As at				
		June 30,2011	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
A	**Fixed Assets**						
	Tangible Assets						
	Gross Block	1,142.47	1,107.38	940.84	769.00	384.65	337.28
	Less: Accumulated Depreciation	482.99	455.11	357.34	261.70	118.63	94.11
	Net Block (i)	659.48	652.27	583.50	507.30	266.02	243.17
	Intangible Assets						
	Gross Block	52.69	49.12	49.26	46.11	12.04	2.61
	Less: Accumulated Depreciation / Amortisation	34.33	32.33	24.63	14.17	4.48	1.95
	Net Block (ii)	18.36	16.79	24.63	31.94	7.56	0.66
	Capital Work-in-progress (iii)	18.54	18.61	-	-	-	-
	Total (A=i+ii+iii)	**696.38**	**687.67**	**608.13**	**539.24**	**273.58**	**243.83**
B	**Investments**	**49.89**	**49.02**	**7.52**	**7.47**	**24.72**	**23.22**
C	**Current Assets, Loans and Advances**						
	Inventories	4,728.98	3,903.20	2,879.92	2,737.83	1,595.29	1,114.51
	Sundry Debtors	1,875.41	2,354.99	1,200.46	2,259.16	1,435.81	1,282.62
	Cash and Bank Balances	159.97	234.53	248.45	217.34	85.69	67.17
	Loans and Advances	105.83	139.80	155.63	164.25	60.30	47.48
	Total (C)	**6,870.19**	**6,632.52**	**4,484.46**	**5,378.58**	**3,177.09**	**2,511.78**
D	**Total Assets (A+B+C)**	**7,616.46**	**7,369.21**	**5,100.11**	**5,925.29**	**3,475.39**	**2,778.83**
E	**Liabilities and Provisions**						
	Secured Loans	1,784.57	1,930.91	1,455.87	1,895.77	956.18	778.64
	Unsecured Loans	77.40	77.40	77.44	77.44	-	-
	Deferred Tax Liabilities (Net)	9.42	10.67	13.94	17.92	5.38	4.83
	Current Liabilities	3,462.52	3,144.20	1,741.88	2,370.28	1,645.42	1,344.21
	Provisions	26.51	24.81	18.20	16.15	11.12	8.58
	Total (E)	**5,360.42**	**5,187.99**	**3,307.33**	**4,377.56**	**2,618.10**	**2,136.26**
F	**Net Worth (D-E)**	**2,256.04**	**2,181.22**	**1,792.78**	**1,547.73**	**857.29**	**642.57**
	Net Worth Represented by:						
G	Share Capital	180.00	180.00	118.47	118.47	88.60	88.60
	Reserves and Surplus:						
	(a) Share Premium	305.79	305.79	365.03	365.03	218.80	218.80
	(b) General Reserve	88.00	88.00	88.00	88.00	2.50	2.50
	(c) Employee Stock Outstanding	20.80	20.80	-	-	-	-
	(d) SEZ Reinvestment Allowance Reserve	241.96	217.62	-	-	-	-
	(e) Surplus as per Profit and Loss Account	1,453.94	1,400.90	1,221.28	976.23	547.67	333.23
H	Miscellaneous Expenditure to the extent not written off or adjusted	(34.45)	(31.89)	-	-	(0.28)	(0.56)
I	**Net Worth**	**2,256.04**	**2,181.22**	**1,792.78**	**1,547.73**	**857.29**	**642.57**

Note :

1. The above statement should be read with Significant Accounting Policies as in Annexure 4 and Notes on Restatements and Changes to Significant Accounting Policies as in Annexure 5.

2. Details of bonus shares

Particulars	As at June 30,2011	As at March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Number of bonus shares issued for consideration other than cash included in the share capital	8,423,707	8,423,707	2,500,000	2,500,000	2,500,000	2,500,000

ANNEXURE 2 - UNCONSOLIDATED SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rs. In Million)

Sr. No.	Particulars	Period Ended June 30, 2011	Year Ended March 31, 2011	Year Ended March 31, 2010	Year Ended March 31, 2009	Year Ended March 31, 2008	Year Ended March 31, 2007
A	**Income**						
	Sales						
	- Of Products Manufactured by the Company	1,066.93	5,500.09	5,319.83	4,211.64	3,713.90	3,689.33
	- Of Products Traded by the Company	2,312.78	5,402.17	2,539.72	3,247.22	2,402.09	2,603.18
		3,379.71	10,902.26	7,859.55	7,458.86	6,115.99	6,292.51
	Other Income	2.62	13.28	17.45	17.81	2.78	1.77
	Total Income	**3,382.33**	**10,915.54**	**7,877.00**	**7,476.67**	**6,118.77**	**6,294.28**
B	**Expenditure**						
	Cost of Materials	3,746.59	10,084.17	6,649.94	6,502.32	5,635.29	6,102.90
	(Increase) / Decrease in Inventories	(825.78)	(1,023.28)	(142.09)	(222.12)	(480.78)	(546.19)
	Manufacturing Expenses	79.98	314.25	251.92	256.64	173.63	103.43
	Employees' Remuneration and Benefits	85.85	289.56	174.14	176.35	138.61	108.43
	Selling, Administration and Other Expenses	78.77	318.65	289.52	221.65	230.71	144.32
	Finance Expenses	81.99	303.92	248.51	358.34	168.89	112.39
	Depreciation and Amortisation	29.88	118.06	107.18	62.63	31.11	26.90
	Total Expenditure	**3,277.28**	**10,405.33**	**7,579.12**	**7,355.81**	**5,897.46**	**6,052.18**
C	**Net Profit Before Tax, Exceptional items (A-B)**	**105.05**	**510.21**	**297.88**	**120.86**	**221.31**	**242.10**
	Exceptional Items	-	-	-	(9.01)	-	-
D	**Net Profit Before Tax, as Restated**	**105.05**	**510.21**	**297.88**	**111.85**	**221.31**	**242.10**
	Provision For Taxation:						
	- Current Tax	25.42	106.00	52.00	14.00	26.00	0.70
	- Minimum Alternative Tax (MAT) Credit Utilised/ (Availed)	3.50	10.24	4.81	4.55	(22.48)	(0.03)
	- Short / (Excess) Provision for Tax in Earlier Years	-	-	-	0.73	-	(0.10)
	- MAT Credit Availed of Amalgamating Companies	-	-	-	(0.59)	-	-
	- Deferred Tax	(1.25)	(3.27)	(3.98)	6.93	0.55	1.61
	- Fringe Benefit Tax	-	-	-	2.90	2.80	2.80
	Total Tax Expense	**27.67**	**112.97**	**52.83**	**28.52**	**6.87**	**4.98**
E	**Net Profit, as Restated**	**77.38**	**397.24**	**245.05**	**83.33**	**214.44**	**237.12**
	Balance Brought Forward, as restated	1,400.90	1,221.28	976.23	547.67	333.23	96.11
	Balance Brought Forward of Amalgamating Companies	-	-	-	345.23	-	-
F	**Profit Available for Appropriations, as Restated**	**1,478.28**	**1,618.52**	**1,221.28**	**976.23**	**547.67**	**333.23**
	Appropriations:						
	Capitalisation of Reserve by issue of Bonus Shares	-	-	-	-	-	-
	Transfer to SEZ Reinvestment Allowance Reserve	(24.34)	(217.62)	-	-	-	-
	Transfer to General Reserve	-	-	-	-	-	-
G	**Balance Carried Forward, As Restated**	**1,453.94**	**1,400.90**	**1,221.28**	**976.23**	**547.67**	**333.23**

Note:

1. The above statement should be read with Significant Accounting Policies as in Annexure 4 and Notes on Restatements and Changes to Significant Accounting Policies as in Annexure 5.

ANNEXURE 3 - UNCONSOLIDATED STATEMENT OF CASH FLOWS, AS RESTATED

(Rs. In Million)

		Period Ended	Year Ended				
		June 30, 2011	**March 31, 2011**	**March 31, 2010**	**March 31, 2009**	**March 31, 2008**	**March 31, 2007**
Cash Flow From Operating Activities							
Net Profit Before Tax and Exceptional Items		**105.05**	**510.21**	**297.88**	**120.86**	**221.31**	**242.10**
Adjustments for:							
Depreciation/ Goodwill Amortisation		29.88	118.06	107.18	62.63	31.11	26.90
Loss/ (Profit) on Sale of Fixed Assets		-	1.98	0.10	(0.95)	0.71	0.13
Fixed Asset W/off		-	0.48	-	-	-	-
Loss/ (Profit) on Sale of Investments		0.13	(0.13)	-	(2.26)	-	-
Investments Written Off		-	-	0.45	-	-	-
Rent Income		(0.15)	(0.60)	(0.60)	(0.60)	-	-
Dividend Income		-	(0.03)	(0.05)	(0.03)	-	-
Interest Income		(1.93)	(11.39)	(15.13)	(12.02)	(2.78)	(1.42)
Interest Paid		76.69	263.63	195.60	299.56	138.10	83.72
Employee Stock options granted		-	20.80	-	-	-	-
Preliminary Expenses Written Off		-	-	-	0.28	0.28	0.28
Sundry Balances Written Off / (Back)		0.05	0.81	9.21	(0.49)	0.61	(0.35)
Operating Profit Before Working Capital Adjustment		**209.72**	**903.82**	**594.64**	**466.98**	**389.34**	**351.36**
Adjustment for Changes in Working Capital:							
Trade and Other Receivables		485.30	(1,192.14)	1,048.89	579.63	(145.77)	(790.47)
Inventories		(825.78)	(1,023.28)	(142.09)	(222.12)	(480.78)	(546.19)
Current Liabilities and Provisions		326.18	1,396.16	(626.35)	(42.68)	303.74	718.09
Cash Flow Generated from Operations		**195.42**	**84.56**	**875.09**	**781.81**	**66.53**	**(267.21)**
Income Tax and Fringe Benefit Tax Paid		0.72	63.62	47.22	16.03	27.17	3.27
Net Cash Flow from Operating Activities	(A)	**194.70**	**20.94**	**827.87**	**765.78**	**39.36**	**(270.48)**
Cash Flow From Investing Activities							
Purchase of Fixed Assets		(40.67)	(199.76)	(176.84)	(124.36)	(64.95)	(31.29)
Purchase of Investments		(1.51)	(42.00)	(0.50)	-	(1.50)	-
Sale of Investments		0.51	0.63	-	2.79	-	-
Sale Proceeds of Fixed Assets		-	5.47	0.66	23.12	3.39	0.39
Rent Received		0.15	0.60	0.60	0.60	-	-
Dividend Received		-	0.03	0.05	0.03	-	-
Interest Received		1.93	11.39	14.77	12.02	2.78	1.42
Net Cash Flow from Investing Activities	(B)	**(39.59)**	**(223.64)**	**(161.26)**	**(85.80)**	**(60.28)**	**(29.48)**
Cash Flow From Financing Activities							
Proceeds from/ (Repayment of) Borrowing - Secured Loan		(146.34)	475.04	(439.90)	(287.15)	177.54	395.37
Proceeds from/ (Repayment of) Borrowing - Unsecured Loan		-	(0.04)	-	(32.15)	-	-
Proceeds from issue of Equity Shares		-	2.29	-	-	-	-
Share Issue expenses		(2.56)	(31.89)	-	-	-	-
Interest Paid		(80.77)	(256.62)	(195.60)	(299.56)	(138.10)	(83.72)
Net Cash Flow From Financing Activities	(C)	**(229.67)**	**188.78**	**(635.50)**	**(618.86)**	**39.44**	**311.65**
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)		**(74.56)**	**(13.92)**	**31.11**	**61.12**	**18.52**	**11.69**
Cash & Cash Equivalent at the beginning of the year		234.53	248.45	217.34	85.69	67.17	55.48
Cash & Cash Equivalent taken over on at April 1, 2008 (Refer Note 3 below)		-	-	-	70.53	-	-
Cash & Cash Equivalent at the end of the year		159.97	234.53	248.45	217.34	85.69	67.17

		Period Ended	Year Ended				
		June 30, 2011	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
	Net Increase in Cash and Cash Equivalent	**(74.56)**	**(13.92)**	**31.11**	**61.12**	**18.52**	**11.69**

Note:-

1. The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard - 3 on Cash Flow Statements.
2. Figures in Brackets represents outflow.
3. Cash and Cash Equivalents of Rs. 70.53 million of erstwhile T Two International Private Limited and Tara Jewels Exports Private Limited have been added on amalgamation. (Refer Note 5(b)(iii) in Annexure 5)
4. The above statement should be read with Significant Accounting Policies as in Annexure 4 and Notes on Restatements and Changes to Significant Accounting Policies as in Annexure 5.

ANNEXURE 4 - SIGNIFICANT ACCOUNTING POLICIES

A. Basis of preparation

The Unconsolidated Summary Statement of Assets and Liabilities, as restated of the Company as at June 30, 2011, March 31, 2011, 2010, 2009, 2008 and 2007 and the Unconsolidated Summary Statement of Profits and Losses, as restated and Unconsolidated Summary Statement of Cash Flows, as restated for the three month period ended June 30, 2011 and for the years ended March 31, 2011, 2010, 2009, 2008 and 2007 (collectively, the "Unconsolidated Restated Summary Statements" and Other Unconsolidated Financial Information have been extracted by the management from the Restated Audited Unconsolidated Financial Statements of the Company for the three month period ended June 30, 2011 and for the years ended March 31, 2011, 2010, 2009,
2008 and 2007.

These Unconsolidated Restated Summary Statements have been prepared for the proposed Initial Public Offering (referred to as the "Offer"'), in accordance with the requirements of:

a) paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ('the Act'); and
b) the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 issued by Securities and Exchange Board of India ("SEBI") on August 26, 2009, as amended from time to time in pursuance of Section 30 of the Securities and Exchange Board of India Act, 1992 (the "SEBI Regulations");

Other Unconsolidated Financial Information has been prepared in accordance with the SEBI Regulations.

Unconsolidated Restated Summary Statements and Other Unconsolidated Restated Financial Information have been made, after incorporating:

a) The impact arising on account of changes in accounting policies adopted by the Company as at June 30, 2011, applied with retrospective effect in the Unconsolidated Restated Summary Statements and Other Unconsolidated Financial Information;
b) Adjustments for the material amounts in the respective financial years / period to which they relate;

The financial statements as at June 30, 2011 have been prepared to comply with the notified accounting standard issued by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. These financial statements have been prepared under the historical cost convention on an accrual basis. The Company follows mercantile system of accounting and recognises income and expenditure on accrual basis to the extent measurable and where there is certainty of ultimate realisation in respect of incomes.

B. Inventories

Inventories of raw materials, stores and consumables are valued at cost on first-in-first-out basis. Work in progress and finished goods are valued at cost or net realizable value whichever is less. Cost for this purpose comprises of raw material cost & appropriate overheads incurred for bringing them to their present condition.

C. Fixed Assets

Tangible Fixed Assets are stated at cost, inclusive of incidental expenses related thereto less accumulated depreciation.

Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will follow to the enterprise and the cost of the asset can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated depreciation and amortisation. Intangible assets mainly include Computer Software and Goodwill on Amalgamation. Cost of software includes license fees and implementation / integration expenses.

D. Depreciation and Amortisation

a. Depreciation on Fixed Assets is provided on the written-down-value method at the rates and in the manner prescribed under Schedule XIV to the Act. Depreciation on additions/ deletions to fixed assets is calculated pro-rata from/ up to the date of such additions/ deletions.
b. Building on leasehold land is amortised on straight-line basis over the primary period of lease.
c. Leasehold Improvements are amortised over the primary period of lease.
d. Goodwill on Amalgamation is written off over the period of five years.

E. Borrowing Cost

Borrowing costs that are attributable to the acquisition or Construction of a qualifying asset are capitalized as part of cost of such asset till such time as the asset is ready for its intended use. Other borrowing costs are recognized as expense for the period.

F. Revenue Recognition

a. Domestic sales are recognised on dispatch to customers.
b. Revenue from export sales is recognized when the significant risks and rewards of ownership are transferred to the customers which is based upon the terms of the applicable contract
c. Service Income is recognized as per the terms of contract with customers when the related services are performed.
d. Dividends are accounted for when the right to receive dividend is established.
e. Income from Interest on deposits, Loans and Interest bearing securities is recognized on time proportionate method.

G. Foreign Currency Transactions

a. Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailing at the date of the Balance Sheet. Gains and losses arising on account of differences in foreign exchange rates on settlement/ translation of monetary assets and liabilities are recognised in the Profit and Loss Account. Non-monetary foreign currency items are carried at cost at the rate on the date of transactions.

b. In respect of forward contracts, other than forward contracts in respect of firm commitments and highly probable forecast transactions, the premium or discount arising at the inception of forward exchange contract, is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the Profit and Loss Account in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognized as income or as expense for the period.

H. Derivative Contracts

The Company enters into derivative contracts in the nature of Currency Options, Forward contracts with an intention to hedge its existing assets and liabilities and firm Commitments. Derivative contracts which are closely linked to the underlying transactions are recognized in accordance with the contract terms. All other contracts are marked-tomarket and losses are recognized in the Profit and Loss Account. Gains arising on the same are not recognized on grounds of Prudence.

I. Investments

Long Term Investments are stated at cost. Provision for diminution in value of Long term investments is made only if such a decline is other than temporary. Current Investments are carried individually at lower of cost or quoted / fair value.

J. Grants

Revenue grants, in the nature of interest Subvention to SME Exporters receivable from the Banks are adjusted against 'Interest on Working Capital Loans'.

K. Employee Benefits

a. Defined Contribution Plans

The Company contributes on a defined contribution basis to Employee's Provident Fund and Employee's State Insurance Fund towards post employment benefits, both are administered by the respective Government authorities, and has no further obligation beyond making its contribution, which is expensed in the year to which it pertains.

b. Defined Benefit Plans - Gratuity

The Company has a Defined Benefit Plan namely Gratuity for all its employees. The liability for the defined benefit plan of Gratuity is determined on the basis of an actuarial valuation by an independent actuary at the year end, which is calculated using projected unit credit method.

Actuarial gains and losses which comprise experience adjustment and the effect of changes in actuarial assumptions are recognised in the Profit and Loss Account.

Gratuity Fund is recognized by the income tax authorities. The Company has taken a Group Gratuity Policy with Life Insurance of India.

c. Leave Encashment

The employees of the Company are entitled to leave as per the leave policy of the Company. The liability in respect of unutilised leave balances is provided based on an actuarial valuation carried out by an independent actuary as at the year end and charged to the Profit and Loss Account.

L. Stock Based Compensation

The compensation cost of stock options granted to employees is measured by the intrinsic value method. The compensation cost, if any, is amortised uniformly over the vesting period of the option.

M. Leases

Lease arrangements where the risks and rewards incident to ownership of an asset substantially vest with the lessor, are recognized as operating lease. Lease rental under operating lease are charged off to the Profit and Loss Account as and when incurred.

N. Taxes on Income

a. Current Year Income Tax:

Provision for current tax is made considering various allowances and benefits available to the Company under the provisions of Income Tax Act, 1961.

b. Deferred Income Tax:

In accordance with Accounting Standard AS-22 "Accounting for Taxes on Income", deferred tax resulting from timing differences between book and tax profits are accounted for at tax rate substantially enacted by the Balance Sheet date to the extent the timing differences are expected to be crystalised. Deferred tax assets or liabilities relating to the timing differences arising and reversing during the tax holiday period under Section 10A of the Indian Income Tax Act, 1961, are not recognized.

Deferred Tax Assets arising on account of carried forward losses and unabsorbed depreciation as per Income Tax Act, 1961 are recognised to the extent there is a virtual certainty supported by convincing evidence that such assets will be realised.

c. Minimum Alternative Tax (MAT) Credit:

MAT Paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

O. Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

P. Provisions, Contingent Liabilities and Contingent Assets

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is a possible obligation or a present obligation but the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent Assets are neither recognised nor disclosed.

Q. Accounting Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Difference between the actual results and the estimates are recognized in the period in which the results are known.

R. Earning Per Share (EPS)

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period for basic EPS are adjusted for issue of bonus shares.

S. Cash and Cash Equivalents

Cash and cash equivalents for the purpose of statement of cash flow comprise cash at bank and cash in hand and Fixed Deposits kept with the Banks.

ANNEXURE 5 - NOTES ON RESTATEMENT AND CHANGES TO SIGNIFICANT ACCOUNTING POLICIES

Background of the Company:

The name Tara Jewels Private Limited was changed to Tara Jewels Limited on conversion to public limited company with effect from September 23, 2010. Formerly, Tara Jewels Private Limited was known as Tara Ultimo Private Limited till March 24, 2009.

With effect from April 1, 2008, T Two International Private Limited (TTIPL) and Tara Jewels Exports Private Limited (TJEPL) were amalgamated with the Company in accordance with the Amalgamation Scheme sanctioned by High Court of Judicature at Mumbai on January 23, 2009. Hence figures for the financial year 2008-2009 are not comparable with those of the previous years.

ADJUSTMENTS / REGROUPINGS

(Rs. In Million)

Sr. No.	Particulars	Notes Ref.	Period Ended June 30, 2011	Year Ended March 31				
				2011	2010	2009	2008	2007
A.	**Profit After Tax (as per Audited Accounts)**		**77.38**	**397.24**	**245.31**	**96.88**	**180.01**	**241.36**
B.	**Restatement Adjustments due to**							
I)	**Changes in Accounting Policies:**							
	Gratuity	1 (a)	-	-	-	-	1.59	1.37
	Leave Encashment	1 (b)	-	-	-	-	0.95	0.86
	Provision for Bonus	1 (c)	-	-	-	(4.51)	0.93	0.53
II)	**Other Restatement Adjustments:**							
	Taxes - Earlier Years	2 (a)	-	-	0.26	(0.16)	-	(0.10)
	Minimum Alternative Tax (MAT) Credit Utilised/ (Availed)	2 (b)	-	-	5.30	17.21	(22.48)	(0.03)
	Deferred Tax	2 (c)	-	-	-	10.59	(15.42)	1.61
III)	**Regroupings**							
	Prior Year Bonus of the Company	1 (c)	-	-		4.51		
	MAT Credit Utilised/ (Availed)	2 (b)	-	-	(5.30)	(23.10)		
	Prior Year Bonus, Gratuity and Leave Encashment of Amalgamating Companies	3(d)	-	-		5.49		
	Amalgamation Expenses	3(d)	-	-		3.52		
IV)	**Total Adjustments (I+II+III)**		-	-	**0.26**	**13.55**	**(34.43)**	**4.24**
V)	Tax impact on Adjustments		-	-	-	-	-	-
	Total Adjustments Net of Tax Impact (B=IV-V)		**-**	**-**	**0.26**	**13.55**	**(34.43)**	**4.24**
C.	**Profit After Tax (as Restated) (A-B)**		**77.38**	**397.24**	**245.05**	**83.33**	**214.44**	**237.12**

1. Changes to Accounting Policies:

a. Gratuity

During the year ended March 31, 2009, the Company adopted the Accounting Standard (AS)-15 (Revised) "Employee Benefits", which was applicable for accounting periods commencing on or after December 7, 2006. The Company had provided gratuity for the year ended March 31, 2008 and earlier years as on April 1, 2008 based on actuarial valuation as prescribed by the AS-15(R) "Employee Benefits".

Accordingly, gratuity liability has been recomputed on the basis of an actuarial valuation as per projected unit credit method and has been restated in the Summary Statement of Assets and Liabilities, as restated as at March 31, 2007 and March 31, 2008. The corresponding amounts have been restated in the Summary Statement of Profits and Losses, as restated for the respective years. The effect of changes pertaining to the year ended March 31, 2006 and earlier years amounting to Rs. 2.77 million has been appropriately adjusted to the opening reserves as at April 1, 2006. However, the gratuity liability pertaining to the Amalgamating Companies for the year ended March 31, 2008 and earlier years has been restated under Exceptional item in the Summary Statement of Profits and Losses, as restated for the year ended March 31, 2009.

b. Leave Encashment

During the year ended March 31, 2009, the Company adopted the Accounting Standard (AS)-15 (Revised) "Employee Benefits", which was applicable for acco unting periods commencing on or after December 7, 2006. The Company had provided leave encashment liability for the year ended March 31, 2008 and earlier years as on April 1, 2008 based on actuarial valuation as prescribed by the AS-15(R) "Employee Benefits".

Accordingly, provision for leave encashment has been recomputed on the basis of an actuarial valuation and has been restated in the Summary Statement of Assets and Liabilities, as restated as at March 31, 2007 and March 31, 2008. The corresponding amounts have been restated in the Summary Statement of Profits and Losses, as restated for the respective years. The effect of changes pertaining to the year ended March 31, 2006 and earlier years amounting to Rs. 3.59 million has been appropriately adjusted to the opening reserves as at April 1, 2006. However, the provision for leave encashment pertaining to the Amalgamating Companies for the year ended March 31, 2008 and earlier years has been restated under Exceptional item in the Summary Statement of Profits and Losses, as restated for the year ended March 31, 2009.

c. Bonus

During the year ended March 31, 2009, the Company had started accounting for bonus on accrual basis and Bonus for the Prior Period of Rs. 4.51 million was disclosed in Profit and Loss Account below Profit After Tax. Accordingly, provision for bonus has been recomputed and restated in the Summary Statement of Assets and Liabilities, as restated as at March 31, 2007 and March 31, 2008. The corresponding amounts have been restated in the Summary Statement of Profits and Losses, as restated for the respective years. The effect of changes pertaining to the year ended March 31, 2006 and earlier years amounting to Rs. 3.05 million has been appropriately adjusted to the opening reserves as at April 1, 2006. However, the provision for bonus pertaining to the Amalgamating Companies for the year ended March 31, 2008 has been restated under Exceptional item in the Summary Statement of Profits and Losses, as restated for the year ended March 31, 2009.

2. Other Adjustments:

a. Tax adjustments of earlier years:

The Company records tax adjustments of earlier years in the year of assessments completed by the Income tax authorities and any difference is recorded as 'Short/ Excess Provision for Taxes in Earlier years' in the financial statements. Accordingly, the effect of these items has been adjusted in the respective year to which the tax was related in the Summary Statement of Assets and Liabilities, as restated and Summary Statement of Profits and Losses, as restated.

b. Minimum Alternative Tax (MAT):

During the year ended March 31, 2009, the Company had accounted for MAT Credit Entitlement (asset) aggregating to Rs. 23.10 million pertaining to the year ended March 31, 2007 and March 31, 2008 by crediting the Profit and Loss Account. However, the same was disclosed below the Profit After Tax. This amount was inclusive of Rs. 0.59 million pertaining to T Two International Pvt. Ltd., which was amalgamated with the Company on April 1, 2008.

Similarly, during the year ended March 31, 2010, the Company had accounted for additional MAT Credit Entitlement (asset) of Rs. 5.30 million pertaining to the year ended March 31, 2009. This is due to increase in tax benefit under Section 10AA of the Income Tax Act, 1961 on account of amendment with retrospective effect.

During the process of restatement of financial statements, the aforesaid MAT Credits are reclassified and disclosed between Profit Before Tax and Profit After Tax. MAT Credits for the year ended March 31, 2007 of Rs. 0.03 million, March 31, 2008 of Rs. 22.48 million and March 31, 2009 of Rs. 5.30 million pertaining to the Company has been adjusted in the respective years to which the tax was related in the Summary Statement of Profits and Losses, as restated.

c. Deferred Tax

Deferred Tax Liability of the Company is recomputed for the years ended March 31, 2006, March 31, 2007 and March 31, 2008 and has been restated in the Summary Statement of Assets and Liabilities, as restated as at March 31, 2007 and March 31, 2008. The corresponding amounts have been restated in the Summary Statement of Profits and Losses, as restated for the respective years. The effect pertaining to the year ended March 31, 2006 and earlier years amounting to Rs. 3.22 million has been appropriately adjusted to the opening reserves as at April 1, 2006.

3. Material Regroupings:

Figures have been regrouped to ensure consistency of presentation. The following material regroupings have been made in the Summary Statement of Assets and Liabilities as restated, and the Summary Statement of Profits and Losses, as restated.

a. Interest on Fixed Deposits and Margin:

Interest on Fixed Deposits (kept as collateral / Margin Money) was netted off against the Interest on Working Capital Loans upto the year ended March 31, 2009, but regrouped under Other Income for the year ended March 31, 2010. Accordingly, the Interest income for the years ending March 31, 2007, March 31, 2008 and March 31, 2009 have been regrouped under 'Other Income' in the Summary Statement of Profits & Losses, as restated for the respective years.

b. Employees Remuneration & Benefits:

For the years ended March 31, 2007 and March 31, 2008, Directors Remuneration, Staff and Labour Welfare and Contribution to Provident & Other Funds were Included in Administrative & Other Expenses. These have been disclosed under Employees Remuneration & Benefits for years ended March 31, 2009 and March 31, 2010. Accordingly, these expenses in the years ending March 31, 2007, and March 31, 2008 have been regrouped and disclosed under Employees Remuneration & Benefits in the Summary Statement of Profits & Losses, as restated for the respective years.

c. **Netting of Advance Tax and Provision for Tax:**

Provision for tax as at March 31, 2007 was included in Current Liabilities and Provisions, which has been regrouped and included in "Tax Payments (Net of Provisions)" under Loans and Advances in the Summary Statement of Assets and Liabilities, as restated.

d. **Accounting and Disclosure of Bills Discounted with Banks:**

Upto March 31, 2010, the Company followed the practice of separately disclosing the gross amount of sundry debtors and the amount of monies received from the banks on discounting of bills as secured loans. Thereafter, the Company adopted the practice of disclosing bills discounted as contingent liabilities. Hence in the Summary Statement of Assets and Liabilities, as restated, for the years ended March 31, 2007, March 31, 2008, March 31, 2009 and March 31, 2010, sundry debtors and secured loans have accordingly been netted off to the extent the same represents bills discounted. Amount of bills discounted has now been disclosed under contingent liabilities.

e. **Amalgamation Expenses and Prior Period Employee Benefits of Amalgamating Companies:**

For the year ended March 31, 2009, the Company had disclosed Amalgamation Expenses and Prior Period Employee Benefits (viz. Bonus, Leave Encashment and Gratuity) of amalgamating companies in Profit and Loss Account below Profit After Tax. These expenses are reclassified as Exceptional items and disclosed above Profit Before Tax in the Summary Statement of Profits & Losses, as restated.

4. **Balance of Profit and Loss Account (As Restated):**

The effect of changes on account of restatement pertaining to the year ended March 31, 2006 and earlier years has been adjusted to opening balance of Profit and Loss Account as at April 1, 2006 and is summarized as follows:

Particulars	Note Reference in Annexure 5	Rs. in Million
Profit and Loss Account as at April 1, 2006		**108.74**
Gratuity	Note 1(a)	2.77
Leave Encashment	Note 1(b)	3.59
Provision for Bonus	Note 1(c)	3.05
Deferred Tax	Note 2 (c)	3.22
Profit and Loss Account as at April 1, 2006, as Restated		**96.11**

5. **Other Significant Notes (based on audited financial statements)**

a) **Revaluation Reserve**

There are no revaluation reserves as at June 30, 2011, March 31, 2011, March 31, 2010, March 31, 2009, March 31, 2008 and March 31, 2007.

b) **Scheme of Amalgamation**

i) **Background of the Scheme**

The Scheme of Amalgamation of Tara Jewels Exports Private Limited (the First Transferor Company) and T Two International Private Limited (the Second Transferor Company, collectively referred to as 'the Transferor Companies') with the Company (the Transferee Company) was approved by the shareholders in the meeting held on 03.10.2008. The Scheme was sanctioned by Bombay High Court on January 23, 2009 and filed with Registrar of Companies, Maharashtra on February 27, 2009. In accordance with the Scheme, the Transferor Companies were amalgamated with the Transferee Company with effect from April 1, 2008 ('the Appointed Date'). The Scheme was accordingly been given effect in the financial statements for the year ended March 31, 2009.

In accordance with the Scheme of Amalgamation, all assets, debts, liabilities, duties and obligations comprising the undertaking of the Transferor companies were transferred to and vested with the Transferee Company with effect from April 1, 2008. All such assets, liabilities and reserves of the Transferor Companies have been taken over at book values at the opening of the business on April 1, 2008.

The nature of business of the Transferor Companies was manufacturing, trading and selling of Diamonds, Findings, Alloys and Diamond Studded Gold Jewellery.

ii) Consideration

a) In terms of the Scheme, each shareholder of the First Transferor Company has received 28 equity shares of Rs.10 each fully paid of the Company for every 25 equity shares held by them in the First Transferor Company. In respect of 142,858 Equity Shares held by the Transferee Company in the First Transferor Company, no shares were issued by the Transferee Company and the said 142,858 Equity Shares held by the Transferee Company in the First Transferor Company were automatically cancelled without any further act or deed;

b) Similarly, each shareholder of the Second Transferor Company has received 1 equity share of Rs.10 each fully paid of the Company for every 50 equity shares held by them in the Second Transferor Company in accordance with the scheme. In respect of 1,999,300 Equity Shares held by the First Transferor Company in the Second Transferor Company, no shares were issued by the Transferee Company and the said 1,999,300 Equity Shares held by the First Transferor Company in the Second Transferor Company were automatically cancelled without any further act or deed; and

c) 75,000 equity shares of Rs. 10 each fully paid up held by the First Transferor Company in the Transferee Company have been automatically cancelled and no shares were issued by the Transferee Company.

The newly issued equity shares have been ranked pari passu with the existing equity shares of the Company. No fractional shares were issued by the Transferee Company in respect of the fractional entitlements, if any, of the Equity Share holders and such fractional entitlement, if any, were ignored as per the terms of the scheme.

Equity shares to be allotted and reduced pursuant to the scheme of amalgamation:

Description	No. of Shares	Rs. in Million
A. Equity shares allotted to the First Transferor Company		
Equity Shares of Rs. 10 each fully paid up of the First Transferor Company as on March 31, 2008	2,877,143	28.77
Less : Equity Shares held by the Transferee Company	142,858	1.43
Balance Equity Shares	2,734,285	27.34
Equity Shares allotted to Shareholders of First Transferor Company pursuant to the scheme o amalgamation - (A)	**3,062,399**	**30.62**
B. Equity shares allotted to the Second Transfero Company	•	
Equity Shares of Rs. 10 each fully paid up of the Second Transferor Company as on March 31, 2008	2,000,000	20.00
Less : Equity Shares held by the First Transferor Company	1,999,300	19.99
Balance Equity Shares	700	0.01
Equity Shares allotted to Shareholders of Second Transferor Company pursuant to the scheme o amalgamation - (B)	**14**	**0.00***
Reduction of Shares of the Transferee Company		
75,000 equity shares of Rs. 10 each fully paid up held by the First Transferor Company in the Transferee Company (C)	75,000	0.75
Net Increase in Equity Shares and Share Capital of Transferee Company (A+B-C)	**2,987,413**	**29.87**

*Rounded off

iii) Accounting Treatment

The amalgamation has been accounted for in accordance with the approved scheme of amalgamation. Accordingly, "Pooling of Interest" method as prescribed by Accounting Standard (AS) -14, 'Accounting for Amalgamation', issued by the Institute of Chartered Accountants of India has been followed except for the accounting treatment of Goodwill on Amalgamation, as explained in Note (iv) below.

Goodwill on Amalgamation has been worked as under:

(a) The assets and liabilities of the Transferor Companies as at April 1, 2008 have been taken over at their book values and incorporated into the respective assets and liabilities of the Transferee Company. There were no differences in accounting policies between the companies. The assets, liabilities and reserve and surplus taken over pursuant to the aforesaid scheme of amalgamation are outlined below:

(Rs. in Million)

Particulars	First Transferor Company	Second Transferor Company
A. Assets		
Fixed Assets (Net)	167.40	31.70
Investments	29.15	0.04
Less : Investment in Equity Shares of Second	19.99	

Particulars	First Transferor Company	Second Transferor Company
Transferor Company		
Less : Investment in Equity Shares of Transferee Company	2.70 6.46	
Inventory	503.24	417.17
Sundry Debtors	1,549.63	522.55
Cash and Bank Balances	16.95	53.58
Loans and Advances	120.05	25.13
Total Assets (A)	**2,363.73**	**1,050.17**
B. Liabilities		
Secured Loan	908.95	317.80
Unsecured Loan	109.59	79.10
Current Liabilities and Provisions	930.99	458.83
Deferred Tax Liability	3.97	1.63
Total Liabilities (B)	**1,953.50**	**857.35**
C. Net assets taken over (A-B)	**410.23**	**192.81**
D. Reserves and Surplus		
General Reserve	85.50	--
Securities Premium Account	146.23	--
Profit and Loss Account	172.43	172.81
Total Reserves and Surplus (D)	**404.16**	**172.81**
E. Net Balance (C-D)	**6.07**	**20.00**
F. Paid up value of equity shares allotted by the Transferee Company pursuant to the above scheme of amalgamation	30.62	0.00*
G. Excess / (deficit) of net assets over purchase consideration transferred to Goodwill / Capital Reserve (F-E)	**24.55**	**(20.00)**
Goodwill forming part of purchase consideration	**4.55**	

*Rounded off

(b) As the 75,000 equity shares of Rs. 10 each fully paid up held by the First Transferor Company in the Transferee Company have been automatically cancelled and no shares were issued against the same, share capital of the Transferee Company and Goodwill on amalgamation is reduced by Rs. 0.75 million.

(c) As the 142,858 equity shares of Rs. 10 each fully paid up held by the Transferee Company in the First Transferor Company have also been cancelled and no shares were issued against the same, investments of the Transferee Company is reduced by Rs. 23.22 million and Goodwill on amalgamation is increased by equivalent amount.

Accordingly, Goodwill on amalgamation of Rs. 27.02 million was created being the net effect of point no. (a), (b) and (c) above. This Goodwill was calculated in accordance with the Order of the High Court and the Management has decided to write off the Goodwill over a period of five years.

iv) Deviation from Accounting Standard

In accordance with approved Scheme of Amalgamation, the Company has created goodwill on amalgamation of Rs. 27.02 million for difference between purchase consideration and net assets taken over of transferor companies, as explained above. However, As per AS 14 - 'Accounting for Amalgamation', this difference should have been adjusted in the reserves of the Company.

Had the Company followed the accounting treatment prescribed by AS 14 - Accounting for Amalgamation in respect of amalgamation under "Pooling of Interest" method:

(a) Reserves and Surplus would have been reduced by Rs. 27.02 million as on April 1, 2008;

(b) Goodwill on Amalgamation of Rs. 27.02 million would not have been recognised during the year ended March 31, 2009 and

(c) Amortisation of Goodwill of Rs. 5.40 million each during the year ended March 31, 2009 and 2010 would not have been recognised in the profit and loss account and Profit After Tax and Reserves and Surplus in the respective years would have been higher by the equivalent amount.

c) Acquisition of Subsidiary

During the year ended March 31, 2011, the Company has acquired 100% ownership of Tara (Hong Kong) Limited by purchasing 7,800 equity shares having face value of HK $ 10 each with an investment of Rs. 24.87 million. Accordingly, Tara (Hong Kong) Limited and its wholly owned subsidiary Tara China Jewelry Limited have become subsidiaries of the Company w.e.f. September 16, 2010.

Further on March 11, 2011, 312,000 equity shares of HK $ 10 each were allotted as fully paid up by capitalization of retained profits.

d) Private Placement and Bonus Shares

During the year ended March 31, 2011, the Company has issued 5,923,707 bonus shares on September 4, 2010 in the ratio of 1:2 by capitalising securities premium and further issued for cash 228,880 equity shares through private placement via preferential allotment route, which is fully paid on September 7, 2010.

ANNEXURE 6: UNCONSOLIDATED STATEMENT OF ACCOUNTING RATIOS (ON RESTATED NUMBERS)

(Rs. In Million)

	Particulars	Period Ended	Year Ended				
		June 30, 2011	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
	Earnings Per Share (after exceptional items)						
A	**Basic Rs. (C/D)**	**4.30***	**22.19**	**13.79**	**4.69**	**16.14**	**17.84**
B	**Diluted Rs. (C/E)**	**4.28***	**22.11**	**13.79**	**4.69**	**16.14**	**17.84**
C	Net Profit after Tax and after Extraordinary Items, as restated (Rs. in Million)	77.38	397.24	245.05	83.33	214.44	237.12
D	Weighted Average number of Equity shares outstanding during the Period	18,000,000	17,900,296	17,771,120	17,771,120	13,290,000	13,290,000
E	Weighted Average number of Equity shares outstanding during the Period including shares to be issued on conversion of Dilutive Potential Equity Shares	18,062,463	17,962,759	17,771,120	17,771,120	13,290,000	13,290,000
F	**Return on Net Worth (G/H*100)**	**3.43%***	**18.21%**	**13.67%**	**5.38%**	**25.01%**	**36.90%**
G	Net Profit after Tax and after Extraordinary Items, as restated (Rs. in Million)	77.38	397.24	245.05	83.33	214.44	237.12
H	Net Worth (Rs. In Million)	2,256.04	2,181.22	1,792.78	1,547.73	857.29	642.57
I	**Net Asset Value Per Equity Share (Rs) (J/K)**	**125.34**	**121.18**	**151.32**	**130.64**	**96.76**	**72.52**
J	Total asset less Total liabilities (Rs. In Million)	2,256.04	2,181.22	1,792.78	1,547.73	857.29	642.57
K	Number of Equity shares outstanding at the end of the Period	18,000,000	18,000,000	11,847,413	11,847,413	8,860,000	8,860,000
L	**Net Asset Value Per Equity Share Adjusted for Bonus Issue (Rs.) (M/N)**	**125.34**	**121.18**	**100.88**	**87.09**	**64.51**	**48.35**
M	Total asset less Total liabilities (Rs. In Million)	2,256.04	2,181.22	1,792.78	1,547.73	857.29	642.57
N	Number of Equity shares outstanding at the end of the Period adjusted for bonus shares issued on September 4, 2010	18,000,000	18,000,000	17,771,120	17,771,120	13,290,000	13,290,000

*Not Annualised

Notes:

1. The ratios have been computed as follows

Earnings Per Share (Basic) = $\frac{\text{Net Profit after Tax and after Extraordinary Items, as restated}}{\text{Weighted average number of equity shares outstanding during the Period}}$

Earning Per Share (Diluted) = $\frac{\text{Net Profit after Tax and after Extraordinary Items, as restated}}{\text{Weighted Average number of Equity shares outstanding during the Period including shares to be issued on conversion of Dilutive Potential Equity Shares}}$

Return on Net Worth = $\frac{\text{Net Profit after Tax and after Extraordinary Items, as restated x 100}}{\text{Net worth as at the end of the Period}}$

Net Asset Value Per Equity Share = $\frac{\text{Net Worth as at the end of the Period}}{\text{Number of equity shares outstanding at the end of the Period}}$

Net Asset Value Per Equity Share = $\frac{\text{Net Worth as at the end of the Period}}{\text{Number of Equity shares outstanding at the end of the period adjusted for bonus shares issued on September 4, 2010}}$

2. Net Worth means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account;

3. On 4th September 2010, the Company has issued 5,923,707 bonus shares in the ratio of 1:2 by capitalising securities premium. The Calculation of basic earnings per share has been adjusted for bonus issues for all periods presented in accordance with the requirements of AS-20 "Earnings Per Share" issued by the ICAI. Prior to Bonus issue, Restated Earning per Share (Basic and Diluted) for the year ended March 31, 2010, 2009, 2008 and 2007 were Rs.20.68, Rs.7.30, Rs.24.20 and Rs.26.76 respectively.

4. On September 2, 2010, the Board of Directors of the Company has adopted Employee Stock option Scheme 2010 ("ESOP 2010") and accorded its consent for granting 509,025 stock options representing 509,025 equity shares of Rs.10 each. As per the Scheme, 66,454 stock options representing 66,454 equity shares have vested with the eligible employees.

5. The above statement should be read with Significant Accounting Policies as in Annexure 4 and Notes on Restatements and Changes to Significant Accounting Policies as in Annexure 5.

ANNEXURE 7 - STATEMENT OF TAX SHELTERS, AS RESTATED

(Rs. In Million)

Particulars	Period Ended	Year Ended				
	June 30, 2011	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
A. Profit Before Tax, as Restated	105.05	510.21	297.88	111.85	221.31	242.10
B. (i) Income Tax Rate - Normal	32.45%	33.22%	33.99%	33.99%	33.99%	33.66%
(ii) Minimum Alternative Tax Rate	19.47%	19.93%	17.00%	11.33%	11.33%	11.22%
C. Tax Expense [A x B(i)]	**34.09**	**169.49**	**101.25**	**38.02**	**75.22**	**81.49**
Adjustments on account of :						
D. Permanent Differences						
Deduction U/s 10A of the Act	(24.34)	(217.62)	(133.40)	(39.92)	(223.26)	(240.02)
Deduction U/s 10AA of the Act	-	-	(6.24)	(21.82)	-	(3.64)
Deduction U/s 80G of the Act to the extent Disallowed	0.50	4.50	2.56	3.16	1.90	0.92
Dividend Exempt U/s 10(34)	-	(0.03)	(0.05)	(0.03)	-	-
Others	0.13	20.67	0.45	(0.01)	-	-
	(23.71)	**(192.48)**	**(136.68)**	**(58.62)**	**(221.36)**	**(242.74)**
E. Temporary Differences						
Difference Between Book and Tax Depreciation	7.15	11.08	3.56	(6.38)	(6.11)	(0.90)
Provision for Gratuity and Leave Encashment	1.71	6.61	2.05	5.03	2.54	2.23
Provision for Bonus	-	3.02	(1.05)	4.50	0.93	0.53
Disallowances under Section 40(a)(i) of the Act	-	-	(0.22)	0.11	(0.18)	0.18
Others	(0.18)	1.75	(0.61)	(0.29)	2.87	0.13
	8.68	**22.46**	**3.73**	**2.96**	**0.05**	**2.17**
F. Net Adjustments (D+E)	**(15.03)**	**(170.02)**	**(132.95)**	**(55.66)**	**(221.31)**	**(240.57)**
G. Tax Saving Thereon	**(4.88)**	**(56.48)**	**(45.19)**	**(18.92)**	**(75.22)**	**(80.98)**
H. Total Taxation Charge	**29.21**	**113.01**	**56.06**	**19.10**	**0.00**	**0.51**
I. Total Tax as per Books of Accounts, as Restated						
- Current Tax	25.42	106.00	52.00	14.00	26.00	0.70
- Minimum Alternative Tax (MAT) Credit Utilised/ (Availed)	3.50	10.24	4.81	4.55	(22.48)	(0.03)
Total	**28.92**	**116.24**	**56.81**	**18.55**	**3.52**	**0.67**

Note:

1. The above statement should be read with Significant Accounting Policies as in Annexure 4 and Notes on Restatements and Changes to Significant Accounting Policies as in Annexure 5.

ANNEXURE 8: CAPITALISATION STATEMENT, AS RESTATED

(Rs. in Million)

Particulars	Pre Issue as at June 30, 2011	Post Issue
Borrowings		
Short Term Debts	1,851.27	
Long Term Debts	10.70	
Total Debts	1,861.97	
Shareholders' Funds		
Share Capital		
Equity Share Capital	180.00	
Reserves		
General Reserve	88.00	
Securities Premium	305.79	
SEZ Reinvestment Allowance Reserve	241.96	
Employee Stock Outstanding	20.80	
Profit and Loss Account	1,453.94	
Miscellaneous Expenditure	(34.45)	
Total Shareholders' Funds	**2,256.04**	
Long Term Debt/ Equity Ratio	**0.005**	
Total Debt / Equity Ratio	**0.825**	

Notes :

1. Term loan payable within the next one year from June 30, 2011 is considered as short term debts. Export Packing Credit and Post Shipment Credit from Banks and Unsecured Loan are considered as short term debts.
2. Long term debt represents debt other than short term debt.
3. The figures included above are as per the Summary Statements of Assets and Liabilities, as restated and Summary Statement of Profits and Losses, as restated .
4. The post-issue debt equity ratio will be computed on the conclusion of the book building process.
5. Long Term Debt / Equity Ratio : $\frac{\text{Long Term Debt}}{\text{Total Shareholders' Fund}}$
6. Total Debt / Equity Ratio : $\frac{\text{Total Debt}}{\text{Total Shareholders' Fund}}$
7. The Company has issued 5,923,707 bonus shares on September 4, 2010 in the ratio of 1:2 by capitalising securities premium and issued for cash 228,880 Equity Shares of Rs. 10 each, fully paid up on September 7, 2010.
8. On September 2, 2010, the Board of Directors of the Company has adopted Employee Stock option Scheme 2010 ("ESOP 2010") and accorded its consent for granting 509,025 stock options representing 509,025 equity shares of Rs.10 each. As per the Scheme, 66,454 stock options representing 66,454 equity shares have vested with the eligible employees.
9. The above statement should be read with Significant Accounting Policies as in Annexure 4 and Notes on Restatements and Changes to Significant Accounting Policies as in Annexure 5.

ANNEXURE 9 - UNCONSOLIDATED STATEMENT OF DIVIDEND PAID, AS RESTATED

(Rs. In Million)

Particulars	Period Ended June 30, 2011	Year Ended March 31,2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Dividend Paid	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

Note:
The above statement should be read with Significant Accounting Policies as in Annexure 4 and Notes on Restatements and Changes to Significant Accounting Policies as in Annexure 5.

ANNEXURE 10: UNCONSOLIDATED STATEMENT OF SECURED LOANS, AS RESTATED

SECURED LOANS

(Rs. In Million)

Sr. No.	Particulars	As at June 30, 2011	As at March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
A	**Working Capital Loan From Banks**						
	ABN Amro Bank	-	-	-	32.59	-	-
	Axis Bank	99.45	139.78	-	-	-	-
	Bank of India	198.83	192.55	105.87	198.31	144.54	57.07
	ICICI Bank	261.44	261.05	221.71	253.94	127.25	144.22
	IDBI Bank	15.03	134.66	-	-	-	-
	ING Vysya Bank Ltd	77.34	89.29	132.73	98.26	60.28	48.80
	Kotak Mahindra Bank	135.73	127.75	247.40	134.41	99.55	-
	Punjab National Bank	476.54	500.07	310.08	393.15	199.45	21.47
	State Bank of India	330.10	251.10	27.42	523.15	116.79	363.68
	State Bank of Patiala	66.91	61.94	87.22	48.56	77.70	100.81
	Union Bank of India	39.93	68.10	58.59	111.26	57.38	28.68
	UTI Bank	-	-	131.48	22.00	-	-
	The Bank of Novascotia	-	22.33	-	-	-	-
	Yes Bank Ltd	69.98	72.31	129.38	70.84	55.75	-
		1,771.28	**1,920.94**	**1,451.88**	**1,886.47**	**938.69**	**764.73**
B	**Hire Purchase Finance - Vehicle Loan**						
	From Banks:						
	ICICI Bank	-	-	-	-	0.03	0.48
	State Bank Of India	13.29	9.97	2.77	4.87	10.38	13.43
	From Others:						
	Reliance Capital Ltd.	-	-	1.22	4.43	7.08	-
		13.29	**9.97**	**3.99**	**9.30**	**17.49**	**13.91**
	Total	**1,784.57**	**1,930.91**	**1,455.87**	**1,895.77**	**956.18**	**778.64**

Notes:

1. The above statement should be read with Significant Accounting Policies as in Annexure 4 and Notes on Restatements and Changes to Significant Accounting Policies as in Annexure 5.

2. Refer Annexure 10A for terms and conditions of secured loans as on June 30, 2011

ANNEXURE 10A - STATEMENT OF PRINCIPLE TERMS AND CONDITIONS OF SECURED LOANS AS AT JUNE 30, 2011 A.

WORKING CAPITAL LOANS FROM BANKS

The Company had entered into a Working Capital Consortium Agreement dated January 5, 2008, as amended from time to time and supported by the individual agreements with State Bank of India ("Lead Bank"), ICICI Bank Limited, Union Bank of India, Punjab National Bank, State Bank of Patiala, Bank of India, ING Vysya Bank Limited, Yes Bank Limited, IDBI Bank Limited, Kotak Mahindra Bank Limited, Axis Bank Limited and The Bank of Nova Scotia for credit facilities of upto Rs. 4,600 Million. Apart from this, there are also some adhoc limits sanctioned by State Bank of India, Union Bank of India, Punjab National Bank, Bank of India and The Bank of Nova Scotia totalling to Rs. 515 Million.

(Rs. in Million)

Particulars	Nature of Loan	Sanctioned Limit*				Adhoc Sanctioned Limit		Outstanding Amount			Interest Rate
		Fund Based			Non-Fund Based	Nature of Loan	Sanction Limit	Fund Based		Non-Fund Based	
		Bill Disc**	PC	Total				Bill Disc**	PC		
State Bank of India	PC / Bill Disc	700.00	300.00	1,000.00	20.00	PC	200.00	739.12	330.10	112.33	10.25%
ICICI Bank Limited	PC / Bill Disc	-	260.00	260.00	190.00	-	-	-	261.45	190.00	3.41%
Union Bank of India	PC / Bill Disc	100.00	-	100.00	50.00	Bill Disc	50.00	133.40	39.93	24.57	11.50%
Punjab National Bank	PC / Bill Disc	137.50	112.50	250.00	500.00	PC	100.00	320.77	476.54	1.90	6.25%
State Bank of Patiala	PC / Bill Disc	66.00	34.00	100.00	-	-	-	33.00	66.91	-	11.50%
Bank of India	PC / Bill Disc	175.00	125.00	300.00	50.00	-	45.00	100.44	198.83	48.10	11.25%
ING Vysya Bank Limited	PC / Bill Disc	100.00	50.00	150.00	-	-	-	63.07	77.34	-	4.45%
Yes Bank Limited	PC / Bill Disc	100.00	190.00	290.00	50.00	-	-	138.25	69.97	135.00	4.50%
IDBI Bank Ltd	PC / Bill Disc	95.00	95.00	190.00	70.00	-	-	173.49	15.03	71.48	4.10%
Kotak Mahindra Bank	PC / Bill Disc	60.00	-	60.00	340.00	-	-	302.67	135.73	-	4.25%
Axis Bank Limited	PC / Bill Disc	100.00	-	100.00	300.00	-	-	157.68	99.45	140.00	4.00%
The Bank of Nova Scotia	PC / Bill Disc		200.00	200.00	30.00	PC / Bill Disc	120.00	349.30	-	-	2.40%
Total		**1,633.50**	**1,366.50**	**3,000.00**	**1,600.00**		**515.00**	**2,511.19**	**1,771.28**	**723.38**	

* Sanction Limits mentioned above are overall Sanction Limits and the same are interchangeable between the nature of facilities and between the participating banks.

** Bill Disc facilities refers to Sales Bill Discounted. Accordingly the outstanding amount in the facilities have been adjusted against Sundry Debtors and classified as "Contingent Liabilities". This has also been explained in Point 3(d) of Annexure 5.

Security

As per the terms of the Consortium Agreement, following security has been created for availing the aforesaid facilities.

(i) first charge by way of hypothecation of all movable assets of the Company,

(ii) equitable mortgage on certain immovable properties owned by the Company and Divya Real Estate Pvt. Ltd and

(iii) personal guarantee by Promoter and corporate guarantees by Divya Real Estate Private Limited and Fabrikant Tara International LLC.

Repayment Schedule
All working capital loan facilities are repayable on demand.

B. HIRE PURCHASE FINANCE (VEHICLE LOAN)

(Rs. in Million)

Particulars	Nature of Loan	Sanctioned Limit	Outstanding Amount	Interest Rate	Repayment Term	Securities Offered
Loan From Bank:						
State Bank Of India	Car Loan	8.90	7.05	10.00%	60 Months	Car-Mercedes (One)
State Bank Of India	Car Loan	2.78	2.40	13.75%	60 Months	Car-Maruti SX4 (Four)
State Bank Of India	Car Loan	3.80	3.84	12.25%	36 Months	Car-Mercedes(One)
Total		**15.48**	**13.29**			

ANNEXURE 11: - UNCONSOLIDATED STATEMENT OF UNSECURED LOANS, AS RESTATED

UNSECURED LOANS

(Rs. in Million)

Particulars	As at June 30,2011	As at March 31,2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
From Promoters, Promoter Group & Group Companies of Promoter						
Group Companies of Promoter Divya Jewels International Pvt. Ltd.	77.40	77.40	77.44	77.44		
Total	**77.40**	**77.40**	**77.44**	**77.44**	**-**	**-**

Notes:

1. In respect of the aforesaid unsecured loans, the principal amounts are interest free, repayable on demand and there is no repayment schedule.
2. The above statement should be read with Significant Accounting Policies as in Annexure 4 and Notes on Restatements and Changes to Significant Accounting Policies as in Annexure 5.

ANNEXURE 12 - UNCONSOLIDATED STATEMENT OF INVESTMENTS, AS RESTATED

(Rs. In Million)

Particulars	As at June 30, 2011	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
LONG TERM INVESTMENTS:						
In Subsidiary Companies (Unquoted)						
Quatro Jewellery Pvt. Ltd. 45,010 Equity Shares of Face Value Rs. 10 each				0.45		
Tara (Hong Kong) Ltd. 7,800 Equity Shares of Face Value HK$ 10 each	24.87	24.87				
Tara Jewels Holdings, Inc. 1,000 Equity Shares of Face Value US$ 0.01 each	4.66	4.66	4.66	4.66		
In Associated Companies (Unquoted)						
Tara Jewels Export Private Limited 142,858 shares of Face Value Rs.10 each					23.22	23.22
Divya Jewels International Pvt. Ltd. 5,000 Equity Shares of Face Value Rs. 10 each	0.18	0.18	0.18	0.18		
Aarti Jewellers Pvt Ltd. 10,000 Equity Shares of Face Value Rs. 10 each	0.08	0.08	0.08	0.08		
In Quoted Shares						
Punjab National Bank 1,400 Equity Shares of Face Value Rs. 10 each	0.04	0.04	0.04	0.04		
(Market Value)	*(1.53)*	*(1.71)*	*(1.42)*	*(0.58)*		
Bank of India Ltd 1,400 Equity Shares of Face Value Rs. 10 each	0.06	0.06	0.06	0.06		
(Market Value)	*(0.58)*	*(0.67)*	*(0.48)*	*(0.31)*		
In Mutual Funds						
UTI Infrastructure Advantage Fund (Series I-Growth Plan) 100,000 Units of Face Value Rs.10 each			1.00	1.00	1.00	
(Market Value)			*(0.92)*	*(0.58)*	*(0.87)*	
UTI Infrastructure Fund - Growth Plan 25,462.687 Units of Face Value Rs.10 each	1.00	1.00				
(Market Value)	*(0.80)*	*(0.84)*				
AXIS Triple Advantage Fund 50,000 Units of Face Value Rs.10 each	0.50	0.50				
(Market Value)	*(0.53)*	*(0.52)*				
PNB-Principal Large Capital Fund - Dividend Payout 53,022.27 Units of Face Value Rs. 18.86 each	1.00	1.00				
(Market Value)	*(1.03)*	*(1.05)*				
SBI PSU Fund Growth *500,000 Units of Face Value Rs. 10 each*	5.00	5.00				
(Market Value)	*(4.79)*	*(4.92)*				
IIMCL-Emerging India Opportunities Fund *1,000,000 Units of Face Value Rs.10 each (Book Value)*	10.00 *(10.00)*	10.00 *(10.00)*				
Principal PNB Long Term Equity Fund - FEB07-Growth Plan		0.63				

Particulars	As at June 30, 2011	As at March 31, 2011	31, 2010	31, 2009	31, 2008	31, 2007
51,370.42 Units of Face Value Rs.12.34 each						
(Market Value)		*(0.53)*				
PNB-Principal Emerging Blue Chip Fund-Regular Growth 51,370.42 Units of Face Value Rs.10.00 each	0.50					
(Market Value)	*(0.51)*					
Principal PNB Long Term Equity Fund 3 Yrs plan (Series II-Growth Plan) 50,000 Units of Face Value Rs.10 each			0.50	0.50	0.50	
(Market Value)			*(0.55)*	*(0.22)*	*(0.97)*	
Principal PNB Monthly Income Growth Accumulation Plan (24,417.28 Units of Face Value at Rs. 10 each)	0.50	0.50	0.50			
(Market Value)	*(0.53)*	*(0.52)*	*(0.50)*			
SBI Infrastrcture Fund - Series I Growth 50,000 Units of Face Value Rs. 10 each	0.50	0.50	0.50	0.50		
(Market Value)	*(0.45)*	*(0.47)*	*(0.52)*	*(0.28)*		
Union KBC Equity fund 50,000 Units of Face Value Rs. 10 each	1.00					
(Market Value)	*(1.02)*	-	-	-	-	-
Total	**49.89**	**49.02**	**7.52**	**7.47**	**24.72**	**23.22**
Aggregate Book Value of Unquoted Investments	**29.79**	**29.79**	**4.92**	**5.37**	**23.22**	**23.22**
Aggregate Book Value of Quoted Investments	**20.10**	**19.23**	**2.60**	**2.10**	**1.50**	
Market Value of Quoted Investments	**21.77**	**21.23**	**4.39**	**1.97**	**1.84**	

Notes:

1. The figures shown in brackets represents market value of Quoted Investments
2. The above statement should be read with Significant Accounting Policies as in Annexure 4 and Notes on Restatements and Changes to Significant Accounting Policies as in Annexure 5.

ANNEXURE 13 - UNCONSOLIDATED STATEMENT OF SUNDRY DEBTORS, AS RESTATED

(Rs. In Million)

Particulars	As at	As at				
	June 30, 2011	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Unsecured and Considered Good						
Debt Outstanding for a period exceeding six months	390.28	371.34	341.32	430.08	144.31	71.15
Other Debts	1,485.13	1,983.65	859.14	1,829.08	1,291.50	1,211.47
Total	**1,875.41**	**2,354.99**	**1,200.46**	**2,259.16**	**1,435.81**	**1,282.62**
<u>Included in Sundry Debtors</u>:						
A. Dues from Subsidiaries						
Fabricant Tara International LLC	94.23	59.46	(52.57)	278.47	-	-
Tara (Hong Kong) Ltd.	97.81	62.57	-	-	-	-
B. Dues from Entities in which Key Managerial Personnel/ their relatives have significant influence or control						
T Two International Pvt. Ltd.	-	-	-	-	94.15	-
Fabricant Tara International LLC	-	-	-	-	395.31	755.22
Aarti Jewellers Pvt. Ltd.	-	-	-	0.36	-	-
Karan Arjun Jewellery Pvt. Ltd.	-	0.04	-	-	-	-
F. T. Diamonds	-	-	0.09	33.71	5.11	-
C. Dues from Promotors	-	-	-	-	-	-
D. Dues from Directors	-	-	-	-	-	-
	192.04	**122.07**	**(52.48)**	**312.54**	**494.57**	**755.22**

NOTES :

1. Details of related party transactions and balances have also been disclosed in Annexure 18.
2. Details of set off of Bill Discounting and Sundry Debtors have been disclosed in point 3(d) of Annexure 5.
3. The above statement should be read with Significant Accounting Policies as in Annexure 4 and Notes on Restatements and Changes to Significant Accounting Policies as in Annexure 5.

ANNEXURE 14. UNCONSOLIDATED STATEMENT OF LOANS AND ADVANCES, AS RESTATED

(Rs. In Million)

Particulars	As at June 30, 2011	As at March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Unsecured and Considered Good						
Advances recoverable in cash or in kind or for value to be received	64.77	72.83	62.19	55.33	27.79	46.00
Balances with Excise, Sales Tax and other Government Authorities	36.79	34.48	24.71	35.82	8.85	-
Deposits	27.52	27.54	12.64	9.32	2.46	1.13
Tax Payments (Net of Provisions)	(23.25)	1.45	42.34	45.22	(1.31)	0.32
MAT Credit Entitlement	-	3.50	13.75	18.56	22.51	0.03
Loans and Advances, as restated	**105.83**	**139.80**	**155.63**	**164.25**	**60.30**	**47.48**
Included in Loans and Advances						
A. Dues from Subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**
C. Dues from Entities in which Key Managerial Personnel/ their relatives have significant influence or control						
Divya Real Estate Private Limited- Deposit	-	-	2.00	2.00	-	-
C. Dues from Promoters	**-**	**-**	**-**	**-**	**-**	**-**
D. Dues from Directors	-	-	-	-	-	-

1. Details of related party transactions and balances have also been disclosed in Annexure 18.
2. The above statement should be read with Significant Accounting Policies as in Annexure 4 and Notes on Restatements and Changes to Significant Accounting Policies as in Annexure 5.

ANNEXURE 15 - UNCONSOLIDATED STATEMENT OF CURRENT LIABILITIES AND PROVISIONS, AS RESTATED

(Rs. In Million)

Particulars	As at June 30, 2011	As at March 31,2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Current Liabilities:						
Sundry Creditors for Goods	3,334.87	3,041.55	1,678.41	2,304.64	1,597.03	1,289.60
Sundry Creditors for Expenses	61.64	30.89	22.79	12.00	8.20	17.61
Others Liabilities	45.90	45.27	25.77	39.69	32.24	30.79
Statutory Liabilities	20.11	26.49	14.91	13.95	7.95	6.21
	3,462.52	**3,144.20**	**1,741.88**	**2,370.28**	**1,645.42**	**1,344.21**
Provisions:						
Provision for Gratuity	17.46	15.57	8.48	7.45	5.72	4.13
Provision for Leave Encashment	9.05	9.24	9.72	8.70	5.40	4.45
	26.51	**24.81**	**18.20**	**16.15**	**11.12**	**8.58**
	3,489.03	**3,169.01**	**1,760.08**	**2,386.43**	**1,656.54**	**1,352.79**
Included in Current Liabilities & Provisions						
A. Dues to Subsidiaries						
Fabrikant Tara International LLC.	-	-	45.24	-	-	-
C. Dues to Entities in which Key Managerial Personnel/ their relatives have significant influence or control						
T Two International Pvt. Ltd.	-	-	-	-	-	6.53
Tara Jewels Export Pvt.Ltd	-	-	-	-	413.40	352.49
Ultimo Inc	-	-	-	0.66	0.09	8.63
Aarti Jewellers Pvt. Ltd.	-	-	-	-	-	0.11
Tara (Hong Kong) Ltd.	-	-	5.82	9.38	125.08	-
Quality 20 / 20	-	-	-	-	-	0.06
Divya Real Estate Private Limited	0.69	0.54	-	-	-	-
D. Dues to Promoters	-	-	-	-	-	-
E. Dues to Directors	-	-	-	-	-	-
Total	**0.69**	**0.54**	**51.06**	**10.04**	**538.57**	**367.82**

1. Details of related party transactions and balances have also been disclosed in Annexure 18.
2. The above statement should be read with Significant Accounting Policies as in Annexure 4 and Notes on Restatements and Changes to Significant Accounting Policies as in Annexure 5.

ANNEXURE 16 - UNCONSOLIDATED STATEMENT OF OTHER INCOME, AS RESTATED

(Rs. In Million)

Particulars	Period Ended	Year Ended				
	June 30,2011	March 31,2011	March 31, 2010	March 31,2009	March 31,2008	March 31, 2007
Interest on Fixed Deposit & Margin	1.93	11.36	10.57	10.93	2.78	1.42
Other Interest	-	0.03	4.56	1.08	-	-
Dividend	-	0.03	0.05	0.03	-	-
Rent	0.15	0.60	0.60	0.60	-	-
Profit on Sale of Fixed Assets	-	-	-	0.95	-	-
Profit on Sale of Investments	-	0.13	-	2.26	-	-
Profit on Commodity Hedging	0.27	-	-	1.14	-	-
Sale of Gold Dust	-	0.99				
Sundry Balances W/off.	-	-	-	0.49	-	0.35
Job Work Charges	-	0.14	0.11	0.08	-	-
Reimbursement of Expenses	-	-	1.55	-	-	-
Others	0.27	-	0.01	0.25	-	-
Other Income, as restated	**2.62**	**13.28**	**17.45**	**17.81**	**2.78**	**1.77**
% of Net Profit Before Tax, as Restated	**2.49%**	**2.60%**	**5.86%**	**15.92%**	**1.26%**	**0.73%**

Note:
The above statement should be read with Significant Accounting Policies as in Annexure 4 and Notes on Restatements and Changes to Significant Accounting Policies as in Annexure 5.

ANNEXURE: 17 UNCONSOLIDATED STATEMENT OF CONTINGENT LIABILITIES, AS RESTATED

(Rs. In Million)

Particulars	As at	As at				
	June 30, 2011	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Claims against the Company not acknowledged as debt in respect of custom duty matters pending in Appeals	3.40	3.40	2.31	2.31	2.31	2.31
Claims against the Company not acknowledged as debt in respect of property tax	0.34	0.34	0.34	0.34	0.34	0.34
Guarantees given by Banks on behalf of the Company to Commissioner - Seepz, SEZ	-	-	-	-	0.50	0.50
Guarantees given by Banks on behalf of the Company to Commissioner of Sales Tax	-	-	-	-	0.01	0.01
Bills Discounted	2,511.19	2,035.90	1,017.82	1,095.65	624.91	389.96
Total	**2,514.93**	**2,039.64**	**1,020.47**	**1,098.30**	**628.07**	**393.12**

Note:

1. In respect of Contingent Liability of Bill Discounting, refer point 3(d) of Annexure 5.
2. The above statement should be read with Significant Accounting Policies as in Annexure 4 and Notes on Restatements and Changes to Significant Accounting Policies as in Annexure 5.

ANNEXURE 18 :- UNCONSOLIDATED RESTATED STATEMENT OF RELATED PARTY DISCLOSURE

Disclosures of Related Party Transactions as per AS-18 "Related Party Disclosure" is given below:

I. For the Period Ended June 30. 2011

A. List of Related Parties

Subsidiary Companies

1.Fabrikant Tara International Llc.
2.Tara Jewels Holdings, Inc.
3.Tara (Hong Kong) Ltd
4.Tara China Jewelery Ltd.
5.Tara Jewels Honduras, Sociedad de Responsabilidad Limitada

Key Management Personnel

1.Mr.Rajeev Sheth
2.Miss Aarti Sheth
3.Miss Alpana Deo
4.Mrs. Nalini Rajan
5.Mr.Vikram Raizada
6.Miss. Divya Sheth
7.Mr. Nikkhil Vaidya
8.Mr. Rakesh Kalra
9.Mr. Shanti Swaroop Khrindria
10.Ms. Fern Mallis
11.Mr. Rajiv Jain

Entities in which Key Managerial Personnel/ their relatives have significant influence or control

1.F. T. Diamonds
2.Divya Jewels International Pvt. Ltd.
3.Divya Real Estate Pvt. Ltd.
4.Aarti Jewellers Pvt Ltd.
5.Karan Arjun Jewellery Pvt. Ltd.

B. Transactions during the period Ended June 30, 2011

(Rs. In Million)

Particulars	Name of the Related Party	Subsidiaries Companies	Key Management Personnel	Entities in which Key Managerial Personnel/ their relatives have significant influence or control
Sale of Goods	Fabrikant Tara International LLC.	306.41	-	-
	Tara (Hong Kong) Ltd.	118.60	-	-
	F. T. Diamonds	-	-	-
Purchase of Goods	Fabrikant Tara International LLC.	102.96	-	-
	Tara (Hong Kong) Ltd.	82.65	-	-
	Aarti Jewellers Pvt Ltd.	-	-	0.01
Labour Charges Paid	Tara (Hong Kong) Ltd.	0.53	-	-
Remuneration and Commission	Mr.Rajeev Sheth	-	3.04	-
	Miss Aarti Sheth	-	0.38	-
	Miss Alpana Deo	-	1.22	-
	Mrs. Nalini Rajan	-	1.10	-
	Mr.Vikram Raizada	-	3.28	-
	Mr. Nikkhil Vaidya	-	0.04	-
	Mr. Shanti Swaroop Khindria	-	0.02	-
	Ms. Fern Mallis	-	0.02	-
	Mr. Rajiv Jain	-	0.02	-
Rent	Divya Real Estate Pvt. Ltd.	-	-	0.15
Closing Balances				
Debtors	Fabrikant Tara International Llc.	94.23	-	-
	Tara (Hong Kong) Ltd.	97.81	-	-
Investments	Tara Jewels Holdings, Inc.	4.66	-	-
	Tara (Hong Kong) Ltd.	24.87	-	-
	Divya Jewels International Pvt. Ltd.	-	-	0.18
	Aarti Jewellers Pvt Ltd.	-	-	0.08
Rent Payable	Divya Real Estate Pvt. Ltd.	-	-	0.69
Unsecured Loans	Divya Jewels International Pvt. Ltd.	-	-	77.40

II. For the Year Ended March 31, 2011

A. List of Related Parties

Subsidiary Companies

1.Fabrikant Tara International Llc.
2.Tara Jewels Holdings, Inc.
3.Tara (Hong Kong) Ltd. (from 16.09.2010)
4.Tara China Jewelery Ltd. (from 16.09.2010)

Key Management Personnel

1.Mr.Rajeev Sheth
2.Miss Aarti Sheth
3.Brig. Anirudh Deo (Upto 31.10.2010)
4.Miss Alpana Deo
5.Mrs. Nalini Rajan
6.Mr.Vikram Raizada
7.Miss. Divya Sheth

Entities in which Key Managerial Personnel/ their relatives have significant influence or control

1.Tara (Hong Kong) Limited (Upto 15.09.2010)
2.F. T. Diamonds
3.Divya Jewels International Pvt. Ltd.
4.Divya Real Estate Pvt. Ltd.
5.Aarti Jewellers Pvt Ltd.
6.Tara Duniya Corporation

B. Transactions during the Year Ended March 31, 2011

(Rs. In Million)

Particulars	Name of the Related Party	Subsidiaries Companies	Key Management Personnel	Entities in which Key Managerial Personnel/ their relatives have significant influence or control
Sale of Goods	Fabrikant Tara International LLC.	1,825.59	-	-
	Tara (Hong Kong) Ltd.	184.68	-	239.36
Purchase of Goods	Fabrikant Tara International LLC.	518.56	-	-
	Tara (Hong Kong) Ltd.	250.14	-	210.21
	Aarti Jewellers Pvt Ltd.	-	-	0.24
Labour Charges Paid	Tara (Hong Kong) Ltd.	11.61	-	8.61
Labour Charges Received	Karan Arjun Jewellery Pvt. Ltd.	-	-	0.13
Unsecured Loan Taken	Divya Jewels International Pvt. Ltd.	-	-	-
Repayment of Unsecured Loan Taken	Divya Jewels International Pvt. Ltd.	-	-	0.04
Remuneration and Commission	Mr.Rajeev Sheth	-	15.60	-
	Miss Aarti Sheth	-	1.50	-
	Brig. Anirudh Deo	-	0.90	-
	Miss Alpana Deo	-	4.80	-
	Mrs. Nalini Rajan	-	4.17	-
	Mr.Vikram Raizada	-	7.01	-
	Mr. Nikkhil Vaidya	-	0.02	
	Mr. Rakesh Kalra	-	0.02	
	Mr. Shanti Saroop Khindria	-	0.02	
	Ms. Fern Mallis	-	0.02	
	Perquisites to Directors	-	0.56	
Amount Invested in Subsidiary	Tara (Hong Kong) Ltd.	24.87	-	-
Purchase of Shares	Tara Duniya Corporation	-	-	24.87
Rent	Divya Real Estate Pvt. Ltd.	-	-	0.60
Deposits Received Back	Divya Real Estate Pvt. Ltd.	-	-	2.00
Diwali Expenses	Aarti Jewellers Pvt Ltd.	-	-	0.54
Sales Promotion Expenses	Aarti Jewellers Pvt Ltd.	-	-	0.70
Closing Balances				
Debtors	Fabrikant Tara International Llc.	59.46	-	-
	Tara (Hong Kong) Ltd.	62.57	-	-
	Karan Arjun Jewellery Pvt. Ltd.	-	-	0.04
Investments	Tara Jewels Holdings, Inc.	4.66	-	-
	Tara (Hong Kong) Ltd.	24.87	-	-
	Divya Jewels International Pvt. Ltd.	-	-	0.18
	Aarti Jewellers Pvt Ltd.	-	-	0.08
Rent Payable	Divya Real Estate Pvt. Ltd.	-	-	0.54
Unsecured Loans	Divya Jewels International Pvt. Ltd.	-	-	77.40

III For the Year Ended March 31, 2010

A. List of Related Parties

Subsidiary Companies

1.Fabrikant Tara International Llc.
2.Tara Jewels Holdings, Inc.
3.Quatro Jewellery Pvt. Ltd.

Key Management Personnel

1.Mr.Rajeev Sheth
2.Miss Aarti Sheth
3.Brig. Anirudh Deo
4.Miss Alpana Deo
5.Mrs. Nalini Rajan (From 06.10.2009)
6.Miss. Divya Sheth

Entities in which Key Managerial Personnel/ their relatives have significant influence or control

1.Tara (Hong Kong) Ltd.
2.F. T. Diamonds
3.Divya Jewels International Pvt. Ltd.
4.Divya Real Estate Pvt. Ltd.
5.Aarti Jewellers Pvt. Ltd.

B. Transactions during the Year Ended March 31, 2010

(Rs. In Million)

Particulars	Name of the Related Party	Subsidiaries Companies	Key Management Personnel	Entities in which Key Managerial Personnel/ their relatives have significant influence or control
Sale of Goods	Fabrikant Tara International Llc.	2,012.85	-	
	Tara (Hong Kong) Ltd.	-	-	421.24
	F. T. Diamonds	-	-	0.09
Purchase of Goods	Fabrikant Tara International Llc.	864.20	-	-
	Tara (Hong Kong) Ltd.	-	-	507.43
Purchase of Fixed Assets	Fabrikant Tara International Llc.	53.82	-	-
	Tara (Hong Kong) Ltd.	-	-	74.59
Labour Charges Paid	Tara (Hong Kong) Ltd.	-	-	18.54
Unsecured Loan Taken	Divya Jewels International Pvt. Ltd.	-	-	77.44
Repayment of Unsecured Loan Taken	Divya Jewels International Pvt. Ltd.	-	-	77.44
Remuneration and Commission	Mr.Rajeev Sheth	-	18.77	-
	Miss Aarti Sheth	-	1.40	-
	Brig. Anirudh Deo	-	1.01	-
	Miss Alpana Deo	-	4.16	-
	Mrs. Nalini Rajan	-	0.73	-
	Miss. Divya Sheth	-	0.57	-
Investment Written Off	Quatro Jewellery Pvt. Ltd.	0.45	-	-
Rent	Divya Real Estate Pvt. Ltd.	-	-	1.20
Closing Balances				
Debtors	Fabrikant Tara International Llc.	(52.57)	-	-
	F. T. Diamonds	-	-	0.09
Creditors	Fabrikant Tara International Llc.	45.24	-	-
	Tara (Hong Kong) Ltd.	-	-	5.82
Investments	Tara Jewels Holdings, Inc.	4.66	-	-
	Divya Jewels International Pvt. Ltd.	-	-	0.18
	Aarti Jewellers Pvt. Ltd.	-	-	0.08
Unsecured Loans	Divya Jewels International Pvt. Ltd.	-	-	77.44
Deposits (Dr)	Divya Real Estate Pvt. Ltd.	-	-	2.00

IV. For the Year Ended March 31, 2009

A. List of Related Parties

Subsidiary Companies

1.Fabrikant Tara International Llc.
2.Tara Jewels Holdings, Inc.
3.Quatro Jewellery Pvt. Ltd.

Key Management Personnel

1.Mr.Rajeev Sheth
2.Miss Aarti Sheth
3.Brig. Anirudh Deo
4.Miss Alpana Deo
5.Miss. Divya Sheth

Entities in which Key Managerial Personnel/ their relatives have significant influence or control

1.Tara (Hong Kong) Ltd.
2.F. T. Diamonds
3.Divya Jewels International Pvt. Ltd.
4.Divya Real Estate Pvt. Ltd.
5.Aarti Jewellers Pvt. Ltd.
6.Ultimo Inc

B. Transactions during the Year Ended March 31, 2009

(Rs. In Million)

Particulars	Name of the Related Party	Subsidiaries Companies	Key Management Personnel	Entities in which Key Managerial Personnel/ their relatives have significant influence or control
Sale of Goods	Fabrikant Tara International Llc.	1,525.91	-	
	Tara (Hong Kong) Ltd.	-	-	358.54
	F. T. Diamonds	-	-	45.11
Purchase of Goods	Fabrikant Tara International Llc.	466.68	-	-
	Tara (Hong Kong) Ltd.	-	-	704.44
Labour Charges Paid	Tara (Hong Kong) Ltd.	-	-	12.60
Deposits received back	Divya Real Estate Pvt. Ltd.	-	-	2.00
Unsecured Loan Taken	Divya Jewels International Pvt. Ltd.	-	-	3.05
Repayment of Unsecured Loan Taken	Divya Jewels International Pvt. Ltd.	-	-	35.20
Remuneration and Commission	Mr.Rajeev Sheth	-	17.08	-
	Miss Aarti Sheth	-	0.95	-
	Brig. Anirudh Deo	-	1.31	-
	Miss Alpana Deo	-	2.57	-
	Miss. Divya Sheth	-	0.35	-
Rent	Divya Real Estate Pvt. Ltd.	-	-	1.20
Closing Balances				
Debtors	Fabrikant Tara International Llc.	278.47	-	-
	Aarti Jewellers Pvt. Ltd.	-	-	0.36
	F. T. Diamonds	-	-	33.71
Creditors	Ultimo Inc	-	-	0.66
	Tara (Hong Kong) Ltd.	-	-	9.38
Investments	Tara Jewels Holdings, Inc.	4.66	-	-
	Quatro Jewellery Pvt. Ltd.	0.45	-	-
	Divya Jewels International Pvt. Ltd.	-	-	0.18
	Aarti Jewellers Pvt. Ltd.	-	-	0.08
Unsecured Loans	Divya Jewels International Pvt. Ltd.	-	-	77.44
Deposits (Dr)	Divya Real Estate Pvt. Ltd.	-	-	2.00

V. For the year ended March 31, 2008

A. List of related parties

<u>Key Management Personnel</u>

1.Mr.Rajeev Sheth
2.Miss Aarti Sheth
3.Brig. Anirudh Deo
4.Miss Alpana Deo

Entities in which Key Managerial Personnel/ their relatives have significant influence or control

1.Tara (Hong Kong) Ltd.
2.F. T. Diamonds
3.Aarti Jewellers Pvt. Ltd.
4.Quality 20 / 20
5.Ultimo Inc
6.Fabrikant Tara International Llc.
7.T Two International Pvt. Ltd.
8.Tara Jewels Export Pvt. Ltd.
9.Quatro Jewellery Pvt. Ltd.

<u>B. Transactions during the Year Ended March 31, 2008</u>

(Rs. In Millions)

Particulars	Name of the Related Party	Subsidiaries Companies	Key Management Personnel	Entities in which Key Managerial Personnel/ their relatives have significant influence or control
Sale of Goods	Fabrikant Tara International Llc.	-	-	1,270.84
	T Two International Pvt. Ltd.	-	-	739.77
	Tara Jewels Export Pvt. Ltd.	-	-	4.77
	Tara (Hong Kong) Ltd.	-	-	78.44
Purchase of Goods	Fabrikant Tara International Llc.	-	-	168.09
	T Two International Pvt. Ltd.	-	-	362.13
	Tara Jewels Export Pvt. Ltd.	-	-	1,493.13
	Tara (Hong Kong) Ltd.	-	-	136.22
Labour Charges Paid	Tara Jewels Export Pvt. Ltd.	-	-	24.39
	Tara (Hong Kong) Ltd.	-	-	33.37
Remuneration and Commission	Mr.Rajeev Sheth	-	9.89	-
Professional Fees	Quality 20 / 20	-	-	0.01
Other Expenses	Aarti Jewellers Pvt. Ltd.	-	-	0.66
Closing Balances				
Debtors	Fabrikant Tara International Llc.	-	-	395.31
	T Two International Pvt. Ltd.	-	-	94.15
	F. T. Diamonds	-	-	5.11
Creditors	Tara Jewels Export Pvt.Ltd	-	-	413.40
	Ultimo Inc	-	-	0.09
	Tara (Hong Kong) Ltd.	-	-	125.08
Investments	Tara Jewels Export Pvt. Ltd.	-	-	23.22

VI. For the Year Ended March 31, 2007

A. List of related Parties

Key Management Personnel

1.Mr.Rajeev Sheth
2.Miss Aarti Sheth
3.Brig. Anirudh Deo
4.Miss Alpana Deo

Entities in which Key Managerial Personnel/ their relatives have significant influence or control

1.T Two International Pvt. Ltd.
2.Tara Jewels Export Pvt. Ltd.
3.Aarti Jewellers Pvt. Ltd.
4.Quality 20 / 20
5.Ultimo Inc
6.Fabrikant Tara International Llc.
7.Quatro Jewellery Pvt. Ltd.

B. Transactions during the Year Ended March 31, 2007

(Rs. In Million)

Particulars	Name of the Related Party	Subsidiaries Companies	Key Management Personnel	Entities in which Key Managerial Personnel/ their relatives have significant influence or control
Sale of Goods	Fabrikant Tara International Llc.	-	-	2,036.46
	T Two International Pvt. Ltd.	-	-	661.02
	Tara Jewels Export Pvt. Ltd.	-	-	2.00
Purchase of Goods	Fabrikant Tara International Llc.	-	-	69.88
	T Two International Pvt. Ltd.	-	-	727.85
	Tara Jewels Export Pvt. Ltd.	-	-	1,545.17
Labour Charges Paid	Tara Jewels Export Pvt. Ltd.	-	-	24.61
Remuneration and Commission	Mr.Rajeev Sheth	-	6.00	-
Professional Fees	Quality 20 / 20	-	-	1.33
Other Expenses	Aarti Jewellers Pvt. Ltd.	-	-	0.01
Closing Balances				
Debtors	Fabrikant Tara International Llc.	-	-	755.22
Creditors	T Two International Pvt. Ltd.	-	-	6.53
	Tara Jewels Export Pvt.Ltd	-	-	352.49
	Ultimo Inc	-	-	8.63
	Aarti Jewellers Pvt. Ltd.	-	-	0.11
	Quality 20 / 20	-	-	0.06
Investments	Tara Jewels Export Pvt. Ltd.	-	-	23.22

ANNEXURE 19: UNCONSOLIDATED STATEMENT OF SEGMENT INFORMATION (ON RESTATED NUMBERS)

A. Information about Primary Business Segment

The Company is exclusively engaged in the "Diamond and Gold Jewellery" Business Segment.

B. Information about Secondary Geographical Segment.

(Rs. In Million)

Particulars	Period Ended June 30, 2011	Year Ended				
		March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
External Revenue						
India	943.57	2,160.38	176.72	31.62	0.91	
Outside India*	2,436.14	8,741.88	7,682.83	7,427.24	6,115.08	6,292.51
Total	**3,379.71**	**10,902.26**	**7,859.55**	**7,458.86**	**6,115.99**	**6,292.51**
Carrying Amount of Segment Assets						
India	6,175.82	6,357.52	4,050.69	3,671.39	2,153.48	1,494.77
Outside India*	1,440.64	1,011.69	1,049.42	2,253.90	1,321.91	1,284.06
Total	**7,616.46**	**7,369.21**	**5,100.11**	**5,925.29**	**3,475.39**	**2,778.83**
Capital Expenditure						
India	38.59	205.52	176.84	124.36	64.95	31.29
Outside India*	-	-	-	-	-	-
Total	**38.59**	**205.52**	**176.84**	**124.36**	**64.95**	**31.29**

* Includes mainly United States of America, Hong Kong, United Arab Emirates, Europe South Africa and United Kingdom

Notes:

(a) Segment Revenue in the geographical segment considered for disclosure are as follows:
- Revenue within India includes sales to customers located within India and earnings in India and
- Revenue outside India includes sales to customers located outside India and earnings outside India.

(b) Segment revenue, results, assets and liabilities includes the respective amounts identified to each the segment and amounts allocated on a reasonable basis.

AUDITOR'S REPORT ON THE CONSOLIDATED RESTATED FINANCIAL STATEMENT OF TARA JEWELS LIMITED

To,
The Board of Directors
Tara Jewels Limited
Plot No. 122, 15th Road,
Near IDBI Bank,
MIDC, Andheri (E)
Mumbai - 400093.

Dear Sirs,

1. We have examined the Consolidated Summary Statement of Assets and Liabilities, as Restated of Tara Jewels Limited ('the Company') and it's subsidiaries (refer Note B of Annexure 4), (collectively refer to as the "Group") as at June 30, 2011, March 31, 2011, 2010 and 2009 and the related Consolidated Summary Statement of Profits and Losses, as Restated and Consolidated Statement of Cash Flows, as Restated for the three month period ended June 30, 2011 and for the financial years ended March 31, 2011, 2010 and 2009 (collectively, the "Consolidated Restated Summary Statements"). These Consolidated Restated Summary Statements have been prepared by the Company and approved by the Board of Directors of the Company for the purpose of disclosure in the Draft Red Herring Prospectus / Red Herring Prospectus / Prospectus (Referred as 'Offer Document') being issued by the Company in connection with the proposed Initial Public Offering ('IPO'). These Consolidated Restated Summary Statements has been prepared in accordance with the requirements of:

   a) Paragraph B(1) of Part II of Schedule II of the Companies Act, 1956 ('the Act'); and

   b) The Securities and Exchange Board of India (issue of Capital and Disclosure Requirements) Regulations 2009 issued by Securities and Exchange Board of India ("SEBI") on August 26, 2009 (as amended from time to time) in pursuance of Section 30 of the Securities and Exchange Board of India Act, 1992 (the "SEBI Regulations").

2. We have examined such Consolidated Restated Summary Statement taking into consideration:

   a) Revised Guidance Note on Reports in Company Prospectuses (as amended from time to time) issued by the Institute of Chartered Accountants of India (the "ICAI"); and

   b) The respective terms of our engagement with the Company, requesting us to carry out the work in connection with the Offer Document being issued by the Company for its proposed IPO.

Consolidated Restated Summary Statements as per Audited Consolidated Financial Statements:

3. (a) The Consolidated Restated Summary Statements of the Group have been extracted by the management from the Audited Consolidated Financial Statements of the Group which have been approved by the Board of Directors for the three month period ended June 30, 2011and for the years ended March 31, 2011, 2010 and 2009.

   (b) We did not audit the financial statements of the subsidiaries (i) Tara Jewels Holdings Inc. and its subsidiary companies Fabrikant International LLC and Tara Jewels Honduras, Sociedad de Responsabilidad Limitada and (ii) Tara (Hong Kong) Limited and its wholly owned subsidiary company Tara China Jewelry Limited for the financial years / period as set out below. These financial statements have been audited by other auditors as mentioned below:

Name of the Company	Name of the Auditors
Tara Jewels Holdings, Inc.	Rakesh Agarwal, CPA
Fabrikant-Tara International LLC	Rakesh Agarwal, CPA
Tara Jewels Honduras, Sociedad de Responsabilidad Limitada	Michael Shaffet, CPA
Tara (Hong Kong) Limited	S.L. Wong & Co., CPA
Tara China Jewelry Limited	S.L. Wong & Co., CPA

This report in so far as it relates to the amounts included in the Consolidated Restated Summary Statements for the financial years / period as set out below of the said subsidiaries, is based solely on the audited financial statements of the subsidiaries audited by other auditors and their auditor's report have been relied upon by us for the said years.

(Rs. in Million)

	Particulars	Total Assets	Total Revenue	Net Cash inflow/ (Outflow)
(i)	Tara Jewels Holdings, Inc. (Including subsidiary Fabrikant Tara International LLC and Tara Jewels Honduras, Sociedad de Responsabilidad Limitada)			
	Period Ended June 30, 2011	818.39	492.22	7.30
	Year Ended March 31, 2011	874.47	2,476.47	(16.38)
	Year Ended March 31, 2010	697.02	3,211.75	(38.18)
	Year Ended March 31, 2009	1,097.02	2,631.40	28.82
(ii)	Tara (Hong Kong) Limited (Including wholly owned subsidiary Tara China Jewelry Limited)			
	Period Ended June 30, 2011	536.23	360.02	(12.56)
	Year Ended March 31, 2011	434.02	982.97	20.53

4. In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the SEBI Regulations and terms of our engagement agreed with you, we report that:

a) The Consolidated Restated Summary Statement of the Group, as restated, for the three month period ended June 30, 2011 and for the financial year ended March 31, 2011, 2010 and 2009 as set out in Annexure 1, 2 and 3 to this report, are prepared by the Company after making adjustments and regroupings as in our opinion were appropriate and more fully described in Significant Accounting policies (Refer Annexure 4) and Notes on Restatement and Changes to Significant Accounting Policies (Refer Annexure 5).

b) Based on the above, we confirm that:

(i) The impact arising on account of correction / changes in accounting policies have been adjusted with retrospective effect in the respective financial years / period to which they relate, to reflect the same accounting treatment as per changed / corrected accounting policy for all the reporting periods

(ii) Adjustments for material amounts in the respective financial years / period to which they relate;

(iii) There are no extra-ordinary items which need to be disclosed separately in the Consolidated Restated Summary Statements;

(iv) There are no qualifications in the auditor's reports, which require any adjustments to the Consolidated Restated Summary Statements and

(v) There are no revaluation reserves which need to be disclosed separately in the restated financial information in the respective financial years.

Other Consolidated Financial Information:

5. At the Company's request, we have examined the following Other Consolidated Financial Information, as Restated, prepared by the management and approved by the Board of Directors of the Company, proposed to be included in the Offer Document and annexed to this report relating to the Group for the three month period ended June 30, 2011 and for the financial years ending on March 31, 2011, 2010 and 2009 except stated otherwise. The Financial Information relating to the subsidiaries included in the Consolidated Financial Information is based on the audited financial statements of the subsidiaries audited by other auditors and relied upon by us as given in paragraph 3(b) above.

   (i) Consolidated Statement of Accounting Ratios (On Restated Numbers) (Annexure 6)
   (ii) Consolidated Capitalization Statement, as Restated. (Annexure 7);
   (iii) Consolidated Statement of Dividend Paid, as Restated. (Annexure 8);
   (iv) Consolidated Statement of Secured Loans, as Restated. (Annexure 9);
   (v) Consolidated Statement of Principle Terms and Conditions of Secured Loans as at June 30, 2011 (Annexure 9A);
   (vi) Consolidated Statement of Unsecured Loans, as Restated. (Annexure 10);
   (vii) Consolidated Statement of Investments, as Restated. (Annexure 11);
   (viii) Consolidated Statement of Sundry Debtors, as Restated. (Annexure 12);
   (ix) Consolidated Statement of Loans and Advances, as Restated. (Annexure 13);
   (x) Consolidated Statement of Current Liabilities and Provisions, as Restated. (Annexure 14);
   (xi) Consolidated Statement of Other Income, as Restated. (Annexure 15);
   (xii) Consolidated Statement of Contingent Liabilities, as Restated. (Annexure 16);
   (xiii) Consolidated Statement of Related Party Disclosure, as Restated. (Annexure 17); and
   (xiv) Consolidated Statement of Segment Information (on Restated Numbers). (Annexure 18).

6. In our opinion, the Other Consolidated Financial Information, as restated contained in the Annexure to this report as referred to above, read along with the Significant Accounting Policies as set out in Annexure 4 and Notes on Restatements and Changes to Significant Accounting Policies as set out in Annexure 5 have been prepared after making adjustments and regrouping as considered appropriate, in accordance with Paragraph B (1) of Part II of Schedule II of the Act and the SEBI Regulations.

Others:

7. We have not audited any financial statements of the Group as of any date or for any period subsequent to June 30, 2011. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Group as of any date or for any period subsequent to June 30, 2011.

8. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

9. This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed IPO by the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For C. B. Chhajed & Co.
Chartered Accountants
(Firm Regn. No: 101796W)

Place: Mumbai
Dated: 14.12.2011

C. B. Chhajed {Partner}
Membership No. : 009447

ANNEXURE 1 - CONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. in Million)

Sr. No.	Particulars	As at June 30, 2011	As at March 31, 2011	As at March 31,2010	As at March 31, 2009
A	**Fixed Assets**				
	Tangible Fixed Assets				
	Gross Block	1,196.79	1,160.51	955.43	782.97
	Less: Accumulated Depreciation	494.00	464.27	361.51	263.97
	Net Block (i)	702.79	696.24	593.92	519.00
	Intangible Fixed Assets				
	Gross Block	59.92	56.35	55.67	51.37
	Less: Accumulated Depreciation / Amortisation	39.43	37.26	28.83	17.56
	Net Block (ii)	20.49	19.09	26.84	33.81
	Capital Work-in-progress (iii)	18.54	18.61	-	-
	Total (A=i+ii+iii)	**741.82**	**733.94**	**620.76**	**552.81**
B	**Investments**	**20.36**	**19.49**	**2.86**	**2.36**
C	**Current Assets, Loans and Advances**				
	Inventories	5,227.65	4,342.77	3,076.86	3,393.40
	Sundry Debtors	2,340.50	2,818.99	1,559.83	2,281.81
	Cash and Bank Balances	193.11	272.93	260.55	267.62
	Loans and Advances	110.20	138.25	160.97	189.28
	Total (C)	**7,871.46**	**7,572.94**	**5,058.21**	**6,132.11**
D	**Total Assets (A+B+C)**	**8,633.64**	**8,326.37**	**5,681.83**	**6,687.28**
E	**Minority Interest**	**18.00**	**17.32**	**11.68**	**7.55**
F	**Liabilities and Provisions**				
	Secured Loans	2,267.39	2,322.34	1,725.27	2,270.95
	Unsecured Loans	103.16	103.39	77.44	77.44
	Deferred Tax Liabilities (Net)	8.63	9.87	14.26	17.90
	Current Liabilities	3,940.73	3,650.86	2,042.38	2,745.81
	Provisions	26.51	24.80	18.20	16.15
	Total (F)	**6,346.42**	**6,111.26**	**3,877.55**	**5,128.25**
G	**Net Worth (D-E-F)**	**2,269.22**	**2,197.79**	**1,792.60**	**1,551.48**
	Net Worth Represented by:				
H	Share Capital	180.00	180.00	118.47	118.47
I	Reserves and Surplus				
	(a) Securities Premium	305.79	305.79	365.03	365.03
	(b) SEZ Reinvestment Allowance Reserve	241.96	217.62	-	-
	(c) Employees Option Outstanding	20.80	20.80	-	-
	(d) General Reserve	88.00	88.00	88.00	88.00
	(e) Surplus as per Profit and Loss Account	1,458.62	1,408.85	1,218.16	977.04
	(f) Capital Reserve**	8.62	8.62	2.94	2.94
J	Miscellaneous Expenditure to the extent not written off or adjusted	(34.57)	(31.89)	-	-
K	**G. Net Worth (H+I+J)**	**2,269.22**	**2,197.79**	**1,792.60**	**1,551.48**

** Capital Reserve represent reserve arising on Consolidation as per Accounting Standard 21 -"Consolidated Financial Statements" as Prescribed by Companies (Accounting Standard) Rules,2006

Note:

1. The above statement should be read with Significant Accounting Policies as in Annexure 4 and Notes on Restatements and Changes to Significant Accounting Policies as in Annexure 5.

2. Details of bonus shares

Particulars	As at June 30,2011	As at March 31, 2011	March 31, 2010	March 31, 2009
Number of bonus shares issued for consideration other than cash included in the share capital	8,423,707	8,423,707	2,500,000	2,500,000

ANNEXURE 2 - CONSOLIDATED SUMMARY STATEMENT OF PROFIT AND LOSSES, AS RESTATED

(Rs. in Million)

Sr. No.	Particulars	Period Ended	Year Ended		
		June 30, 2011	March 31, 2011	March 31, 2010	March 31, 2009
A	**Income**				
	Sales				
	- Of Products Manufactured by the Company	1,087.87	5,882.81	5,525.71	4,550.24
	- Of Products Traded by the Company	2,412.72	5,511.24	2,615.88	3,429.55
		3,500.59	11,394.05	8,141.59	7,979.79
	Other Income	3.13	14.09	17.93	19.08
	Total Income	**3,503.72**	**11,408.14**	**8,159.52**	**7,998.87**
B	**Expenditure**				
	Cost of Materials	3,850.00	10,416.13	6,296.94	6,845.72
	(Increase)/ Decrease in Inventories	(884.88)	(1,153.24)	316.54	(281.80)
	Manufacturing Expenses	105.17	389.27	252.08	257.09
	Employees' Remuneration and Benefits	104.81	359.46	239.88	261.68
	Selling, Administration and Other Expenses	104.05	411.72	368.04	342.61
	Finance Expenses	89.74	325.39	272.76	375.72
	Depreciation and Amortisation	31.91	123.79	109.88	65.97
	Total Expenditure	**3,400.80**	**10,872.52**	**7,856.12**	**7,866.99**
C	**Net Profit Before Tax and Exceptional items (A-B)**	**102.92**	**535.62**	**303.40**	**131.88**
	Exceptional Items	-	-	-	(9.01)
D	**Net Profit Before Tax, as Restated**	**102.92**	**535.62**	**303.40**	**122.87**
	Provision For Taxation:				
	- Current Tax	25.87	115.81	56.98	14.24
	- Minimum Alternative Tax Credit Utilised	3.50	10.25	4.81	4.55
	- Short / (Excess) Provision for Tax in Earlier Years	-	-	-	0.73
	- MAT Credit Availed of Amalgamating Companies	-	-	-	(0.59)
	- Deferred Tax	(1.24)	(4.39)	(3.64)	11.06
	- Fringe Benefit Tax	-	-	-	2.90
	Total Tax Expense	**28.13**	**121.67**	**58.15**	**32.89**
E	**Net Profit After Tax Before Minority Interest, as Restated**	**74.79**	**413.95**	**245.25**	**89.99**
	Less : Minority Interest	(0.68)	(5.64)	(4.13)	(5.40)
F	**Net Profit After Tax After Minority Interest, as Restated**	**74.11**	**408.31**	**241.12**	**84.59**
	Balance Brought Forward, as restated	1,408.85	1,218.16	977.04	547.22
	Balance Brought Forward of Amalgamating Companies	-	-	-	345.23
	Less : Transfer to SEZ Reinvestment Allowance Reserve	(24.34)	(217.62)	-	-
G	**Balance Carried Forward, As Restated**	**1,458.62**	**1,408.85**	**1,218.16**	**977.04**

Note:

1. The above statement should be read with Significant Accounting Policies as in Annexure 4 and Notes on Restatements and Changes to Significant Accounting Policies as in Annexure 5.

ANNEXURE 3 - CONSOLIDATED STATEMENT OF CASH FLOWS, AS RESTATED

			Period Ended	Year Ended		
			June 30, 2011	March 31, 2011	March 31, 2010	March 31, 2009
A.	**Cash Flow From Operating Activities**					
	Net Profit Before Tax and Minority Interest		**102.92**	**535.62**	**303.40**	**122.87**
	Adjustments for:					
	Depreciation / Goodwill Amortisation		31.91	123.79	109.88	65.97
	Loss/ (Profit) on Sale of Fixed Assets		-	1.98	0.10	13.32
	Fixed Asset W/off		-	0.48	-	-
	Provision for Doubtful Debts		-	-	(0.15)	1.27
	Loss / (Profit) on Sale of Investments		0.12	(0.13)	-	(2.26)
	Rent Income		(0.15)	(0.60)	(0.60)	(0.60)
	Dividend Income		-	(0.03)	(0.05)	(0.03)
	Interest Income		(1.99)	(11.64)	(15.61)	(12.26)
	Interest Paid		82.92	278.69	215.48	316.42
	Employee Stock Options granted		-	20.80	-	-
	Preliminary Expenses Written Off		-	-	-	0.28
	Sundry Balances Written Off / (Back)		0.04	(0.06)	9.21	(0.49)
	Operating Profit Before Working Capital Adjustment		**215.77**	**948.90**	**621.66**	**504.49**
	Adjustment for Changes in Working Capital:					
	Trade and Other Receivables		502.99	(658.32)	723.39	1,329.40
	Inventories		(884.88)	(1,153.24)	316.54	(281.80)
	Current Liabilities and Provisions		276.59	858.76	(701.38)	(729.19)
	Cash Flow Generated from Operations		**110.47**	**(3.90)**	**960.21**	**822.90**
	Income Tax and Fringe Benefit Tax Paid		4.72	69.61	43.58	22.66
	Net Cash Flow from Operating Activities	(A)	**105.75**	**(73.51)**	**916.63**	**800.24**
B.	**Cash Flow From Investing Activities**					
	Purchase of Fixed Assets		(41.87)	(202.67)	(178.60)	(134.17)
	Purchase of Investments		(1.51)	(17.13)	(0.50)	-
	Purchase consideration paid for acquisition of interest in subsidiary			(24.87)	-	-
	Sale of Investments		0.51	0.63	-	2.79
	Sale Proceeds of Fixed Assets		-	5.47	0.66	23.12
	Rent Received		0.15	0.60	0.60	0.60
	Dividend Received		-	0.03	0.05	0.03
	Interest Received		1.99	11.64	15.25	12.26
	Net Cash Flow from Investing Activities	(B)	**(40.73)**	**(226.30)**	**(162.54)**	**(95.37)**
C.	**Cash Flow From Financing Activities**					
	Proceeds from/ (Repayment of) Borrowing - Secured Loan		(54.94)	597.07	(545.68)	(266.37)
	Proceeds from/ (Repayment of) Borrowing - Unsecured Loan		(0.23)	(5.74)	-	(32.15)
	Proceeds from issue of Equity Share		-	2.29	-	-
	Minority Interest Contribution		-	-*	-	-
	Preliminary Expenses		(0.12)	-	-	-
	Share Issue expenses		(2.56)	(31.89)	-	-
	Interest Paid		(86.99)	(271.68)	(215.48)	(316.42)
	Net Cash Flow From Financing Activities	(C)	**(144.84)**	**290.05**	**(761.16)**	**(614.94)**
	Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)		**(79.82)**	**(9.76)**	**(7.07)**	**89.93**
	Cash & Cash Equivalent at the beginning of the year		272.93	260.55	267.62	107.16
	Cash & Bank Balance Acquired on Acquisition of Subsidiaries on September 16, 2010 (Refer Note 3 below)		-	22.14	-	-
	Cash & Cash Equivalent taken over on at April 1, 2008 (Refer Note 4 below)		-	-	-	70.53
	Cash & Cash Equivalent at the end of the year		193.11	272.93	260.55	267.62
	Net Increase in Cash and Cash Equivalent		**(79.82)**	**(9.76)**	**(7.07)**	**89.93**

*Less than Rupees One Thousand

Note:-

1. The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard -

3 on Cash Flow Statements.
2. Figures in Brackets represents outflow.
3. Cash and Cash Equivalents of Rs. 22.14 million of Tara (Hong Kong) Limited have been added on acquisition. (Refer Note 4(b) in Annexure 5)
4. Cash and Cash Equivalents of Rs. 70.53 million of erstwhile T Two International Private Limited and Tara Jewels Exports Private Limited have been added on amalgamation.
5. The above statement should be read with Significant Accounting Policies as in Annexure 4 and Notes on Restatements and Changes to Significant Accounting Policies as in Annexure 5.

ANNEXURE 4 - SIGNIFICANT ACCOUNTING POLICIES

A. Basis of preparation

The Consolidated Summary Statement of Assets and Liabilities, as restated, of the Company and it's subsidiaries (together referred to as the "Group") as at June 30, 2011, March 31, 2011, 2010 and 2009 and the Consolidated Summary Statement of Profits and Losses, as restated, and Consolidated Summary Statement of Cash Flows, as restated, for the three month period ended June 30, 2011 and for the years ended March 31, 2011, 2010 and 2009 (collectively, the "Consolidated Restated Summary Statements") and Other Consolidated Financial Information have been extracted by the management from the Restated Audited Consolidated Financial Statements of the Group for the three month period ended June 30, 2011 and for the years ended March 31, 2011, 2010 and 2009.

These Consolidated Restated Summary Statements have been prepared for the proposed Public Offering (referred to as the "Offer"), in accordance with the requirements of:

a) paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ('the Act'); and

b) the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 issued by Securities and Exchange Board of India ("SEBI") on August 26, 2009, as amended from time to time in pursuance of Section 30 of the Securities and Exchange Board of India Act, 1992 (the "SEBI Regulations");

Other Consolidated Financial Information has been prepared in accordance with the SEBI Regulations.

Consolidated Restated Summary Statements and Other Consolidated Financial Information have been made, after incorporating:

a) The impact arising on account of changes in accounting policies adopted by the Company as at June 30, 2011, applied with retrospective effect in the Consolidated Summary Statements and Other Consolidated Financial Information;

b) Adjustments for the material amounts in the respective financial years / period to which they relate;

The consolidated financial statements as at June 30, 2011 have been prepared to comply with the notified accounting standard issued by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. These financial statements have been prepared under the historical cost convention on an accrual basis.

B. Principles of Consolidation

(i) The consolidated financial statements of the Group have been prepared in accordance with the Accounting Standard 21, "Consolidated Financial Statement" issued by the Institute of Chartered Accountants of India.

(ii) The financial statements of the Group have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra-group transactions and un-realised profits or losses.

(iii) The consolidated financial statements have been prepared by using uniform accounting policies for like transaction and other events in similar circumstances and are presented to the extent possible, in the same manner as those of the parent company's independent financial statements unless stated otherwise.

(iv) The operations of foreign subsidiary have been considered by the management, as integral operations as described Accounting Standard - AS 11 (revised) "Accounting for the effects of changes in foreign exchange rates".

(v) The difference between the cost to the company of its investments in the subsidiary and its portion of equity of subsidiary on the date it became subsidiary is recognized in the financial statement as Goodwill or Capital Reserve, as the case may be.

(vi) Minority Interest in the consolidated financial statement is identified and recognized after taking into consideration the minority share of movement in equity since the date parent-subsidiary relationship came into existence.

Minority interest is presented separately from the liabilities or assets and the equity of the shareholders in the Consolidated Summary Statement of Assets and Liabilities, as restated. Minority interest in the income or loss of the Group is separately presented in Consolidated Summary Statement of Profits and Losses, as restated.

(vii) All Employees' related benefits including social security have been provided in accordance with the laws of the country in which the individual entity is operating.

The Subsidiary Companies considered in consolidated financial statements are:

Name of Subsidiary	Country	Ownership Interest as at			
		June 30, 2011	March 31, 2011	March 31, 2010	March 31, 2009
Tara Jewels Holdings, Inc. (TJH)	USA	100%	100%	100%	100%
Fabricant-Tara International LLC (FTI)*	USA	73%	73%	73%	73%
Tara (Hong Kong) Limited (THK)**	Hong Kong	100%	100%	-	-
Tara China Jewelry Limited (TCJL)***	China	100%	100%	-	-
Quatro Jewellery Private Limited (QJPL)	India	****	****	****	99.96%
Tara Jewels Honduras, Sociedad de Responsabilidad Limitada#	Honduras	99.6%	99.6%	-	-

*Subsidiary of Tara Jewels Holdings, Inc.
**Tara (Hong Kong) Limited and Tara China Jewelry Limited have become subsidiary w.e.f. September 16, 2010
***Wholly owned Subsidiary of Tara (Hong Kong) Limited
*Winding off procedures of the QJPL has started during the financial year ended March 31, 2010
#Subsidiary of Tara Jewels Holdings, Inc. w.e.f. January 17, 2011.

C. Inventories

Inventories of raw materials, stores and consumables are valued at cost on first-in-first-out basis. Work in progress and finished goods are valued at cost or net realizable value which ever is less. Cost for this purpose comprises of raw material cost & appropriate overheads incurred for bringing them to their present condition.

D. Fixed Assets

Fixed Assets are stated at cost, inclusive of incidental expenses related thereto less accumulated depreciation.

Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will follow to the enterprise and the cost of the asset can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated depreciation and amortisation. Intangible assets mainly include Computer Software, Trade Mark and Goodwill on Amalgamation. Cost of software includes license fees and implementation/ integration expenses.

E. Depreciation and Amortisation

a. Depreciation on Fixed Assets is provided on the written-down-value method at the rates and in the manner prescribed under Schedule XIV to the Act. Depreciation on additions/ deletions to fixed assets is calculated pro-rata from/ up to the date of such additions/ deletions.

b. Building on leasehold land is amortised on straight-line basis over the primary period of lease.

c. Leasehold Improvements are amortised over the primary period of Lease.

d. Goodwill on Amalgamation is written off over the period of five years.

F. Borrowing Cost

Borrowing costs that are attributable to the acquisition or Construction of a qualifying asset are capitalized as part of cost of such asset till such time as the asset is ready for its intended use. Other borrowing costs are recognized as expense for the period.

G. Revenue Recognition

a. Domestic sales are recognised on dispatch to customers.

b. Revenue from export sales is recognized when the significant risks and rewards of ownership are transferred to the customers which is based upon the terms of the applicable contract

c. Service Income is recognized as per the terms of contract with customers when the related services are performed.

d. Dividends are accounted for when the right to receive dividend is established.

e. Income from Interest on deposits, Loans and Interest bearing securities is recognized on time proportionate method.

H. Foreign Currency Transactions

a. Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailing at the date of the Balance Sheet. Gains and losses arising on account of differences in foreign exchange rates on settlement/ translation of monetary assets and liabilities are recognised in the Profit and Loss Account. Non-monetary foreign currency items are carried at cost at the rate on the date of transactions.

b. In respect of forward contracts, other than forward contracts in respect of firm commitments and highly probable forecast transactions, the premium or discount arising at the inception of forward exchange contract, is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the Profit and Loss Account in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognized as income or expense for the period.

c. Foreign Subsidiaries-

In case of foreign subsidiaries, the local accounts are maintained in their functional currency. As the operations of the foreign subsidiaries have been considered as integral foreign operations, the financial statements have been translated to Indian Rupees on the following basis:

i) All income and expenses are translated at the average rate of exchange prevailing during the year;

ii) Monetary assets and liabilities are translated at the closing rate on the Balance Sheet Date;

iii) Non monetary assets and liabilities are translated at historical rates and

iv) The resulting exchange difference is recognised as income or expense for the period.

I. Derivative Contracts

The Company enters into derivative contracts in the nature of Currency Options, Forward contracts with an intention to hedge its existing assets and liabilities and firm Commitments. Derivative contracts which are closely linked to the underlying transactions are recognized in accordance with the contract terms. All other contracts are marked- to- market and losses are recognized in the Profit and Loss Account. Gains arising on the same are not recognized on grounds of Prudence.

J. Investments

Long Term Investments are stated at cost. Provision for diminution in value of Long term investments is made only if such a decline is other than temporary. Current Investments are carried individually at lower of cost or quoted / fair value.

K. Grants

Revenue grants, in the nature of interest Subvention to SME Exporters receivable from the Banks are adjusted against 'Interest on Working Capital Loans'.

L. Employee Benefits

a. Defined Contribution Plans

The Company contributes on a defined contribution basis to Employee's Provident Fund and Employee's State Insurance Fund towards post employment benefits, both are administered by the respective Government authorities, and has no further obligation beyond making its contribution, which is expensed in the year to which it pertains.

b. Defined Benefit Plans - Gratuity

The Company has a Defined Benefit Plan namely Gratuity for all its employees. The liability for the defined benefit plan of Gratuity is determined on the basis of an actuarial valuation by an independent actuary at the year end, which is calculated using projected unit credit method.

Actuarial gains and losses which comprise experience adjustment and the effect of changes in actuarial assumptions are recognised in the Profit and Loss Account.

Gratuity Fund is recognized by the income tax authorities. The Company has taken a Group Gratuity Policy with Life Insurance of India.

c. Leave Encashment

The employees of the Company are entitled to leave as per the leave policy of the Company. The liability in respect of unutilized leave balances is provided based on an actuarial valuation carried out by an independent actuary as at the year end and charged to the Profit and Loss Account.

M. Stock Based Compensation

The compensation cost of stock options granted to employees is measured by the intrinsic value method. The compensation cost, if any, is amortised uniformly over the vesting period of the option.

N. Leases

Lease arrangements where the risks and rewards incident to ownership of an asset substantially vest with the lessor, are recognized as operating lease. Lease rental under operating lease are charged off to the Profit and Loss Account as and when incurred.

O. Taxes on Income

a. Current Year Income Tax:

Provision for current tax is made considering various allowances and benefits available to the Company under the provisions of Income Tax Act, 1961.

b. Deferred Income Tax:

In accordance with Accounting Standard AS-22 "Accounting for Taxes on Income", deferred tax resulting from timing differences between book and tax profits are accounted for at tax rate substantially enacted by the Balance Sheet date to the extent the timing differences are expected to be crystalised. Deferred tax assets or liabilities relating to the timing differences arising and reversing during the tax holiday period under Section 10A of the Indian Income Tax Act, 1961, are not recognized.

Deferred Tax Assets arising on account of carried forward losses and unabsorbed depreciation as per Income Tax Act, 1961 are recognised to the extent there is a virtual certainty supported by convincing evidence that such assets will be realised.

c. Minimum Alternative Tax (MAT) Credit:

MAT paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

P. Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

Q. Provisions, Contingent Liabilities and Contingent Assets

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is a possible obligation or a present obligation but the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent Assets are neither recognised nor disclosed.

R. Accounting Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Difference between the actual results and the estimates are recognized in the period in which the results are known.

S. Earning Per Share (EPS)

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period for basic EPS are adjusted for issue of bonus shares.

Diluted earning per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period including shares to be issued on conversion of Dilutive Potential Equity Shares. The weighted average number of equity shares outstanding during the period for basic EPS are adjusted for issue of bonus shares.

T. Cash and Cash Equivalents

Cash and cash equivalents for the purpose of statement of cash flow comprise cash at bank and in hand and Fixed Deposits kept with the Banks.

ANNEXURE 5 - NOTES ON RESTATEMENT AND CHANGES TO SIGNIFICANT ACCOUNTING POLICIES

ADJUSTMENTS / REGROUPINGS

Impact of Restatement:

(Rs. in Million)

Sr. No.	Particulars	Notes Ref.	Period Ended June 30, 2011	Year Ended March 31, 2011	Year Ended March 31, 2010	Year Ended March 31, 2009
A.	**Profit After Tax Before Minority Interest (as per Audited Accounts)**		**74.79**	**413.95**	**245.51**	**103.54**
B.	**Restatement Adjustments due to**					
	Taxes - Earlier Years	1 (a)	-	-	0.26	(0.16)
	Minimum Alternative Tax (MAT) Credit Utilised/ (Availed)	1 (b)	-	-	5.30	(5.30)
	Deferred Tax	1 (c)	-	-	-	10.59
C.	**Regroupings**		-	-		
	MAT Credit Utilised / (Availed)	1 (b)	-	-	(5.30)	(0.59)
	Prior Year Bonus, Gratuity and Leave Encashment of Amalgamating Companies	2(b)	-	-	-	5.49
	Amalgamation Expenses	2(b)	-	-	-	3.52
D.	**Total adjustments (B+C)**		**-**	**-**	**0.26**	**13.55**
E.	Tax impact on Adjustments		-	-	-	-
F.	**Total Adjustments Net of Tax Impact (D-E)**		-	-	**0.26**	**13.55**
G.	**Profit After Tax Before Minority Interest (as Restated) (A-F)**		**74.79**	**413.95**	**245.25**	**89.99**

1. Restatement Adjustments:

a. Tax adjustments of earlier years:

The Company records tax adjustments of earlier years in the year of assessments completed by the Income tax authorities and any difference is recorded as 'Short/ Excess Provision for Taxes in Earlier years' in the financial statements. Excess provision of Rs. 0.16 million and Rs. 0.10 million pertaining to year ended March 31, 2009 and 2008 respectively was accounted in year ended March 31, 2010. The same has been reclassified and accordingly, Rs. 0.16 million has been restated in the Summary Statement of Profits and Losses, as restated for the year ended March 31, 2009 and Rs. 0.10 million has been adjusted in the opening reserves as at April 1, 2008.

b. Minimum Alternative Tax (MAT):

During the year ended March 31, 2009, the Company had accounted for MAT Credit Entitlement (asset) of Amalgamating Company of Rs. 0.59 million pertaining to the year ended March 31, 2008 by crediting the Profit and Loss Account and disclosed below the Profit After Tax. During the process of restatement of financial statements, the aforesaid MAT Credit is reclassified and disclosed between Profit Before Tax and Profit After Tax.

Also, during the year ended March 31, 2010, the Company had accounted for additional MAT Credit Entitlement (asset) of Rs. 5.30 million pertaining to the year ended March 31, 2009. This is due to increase in tax benefit under Section 10AA of the Income Tax Act, 1961 on account of amendment with retrospective effect. During the process of restatement of financial statements, the aforesaid MAT Credit is reclassified and disclosed between Profit Before Tax and Profit After Tax in the Summary Statement of Profits and Losses, as restated for the year ended March 31, 2009.

c. Deferred Tax

Deferred Tax Liability of the Company is recomputed for the year ended March 31, 2008 and the effect amounting to Rs. 10.59 million has been appropriately adjusted in the opening reserves as at April 1, 2008.

2. Material Regroupings:

Figures have been regrouped to ensure consistency of presentation. The following material regroupings have been made in the Summary Statement of Assets and Liabilities as restated, and the Summary Statement of Profits and Losses, as restated.

a. Interest on Fixed Deposits and Margin:

Interest on Fixed Deposits (kept as collateral / Margin Money) was netted off against the Interest on Working Capital Loans during the year ended March 31, 2009, but regrouped under Other Income for the year ended March 31, 2010. Accordingly, the Interest income in the year ending March 31, 2009 has been regrouped under 'Other Income' in the Summary Statement of Profits & Losses, as restated.

b. Amalgamation Expenses and Prior Period Employee Benefits of Amalgamating Companies:

During the year ended March 31, 2009, the Company had disclosed Amalgamation Expenses of Rs. 3.52 million and Prior Period Employee Benefits of amalgamating companies amounting to Rs. 5.49 million (viz. Bonus, Leave Encashment and Gratuity) in Profit and Loss Account below Profit After Tax. These expenses are reclassified as Exceptional items and disclosed above Profit Before Tax in the Summary Statement of Profits & Losses, as restated.

c. Accounting and Disclosure of Bills Discounted with Banks:

Upto March 31, 2010, the Company followed the practice of separately disclosing the gross amount of sundry debtors and the amount of monies received from the banks on discounting of bills as secured loans. Thereafter, the Company adopted the practice of disclosing bills discounted as contingent liabilities. Hence in the Summary Statement of Assets and Liabilities, as restated, for the years ended March 31, 2009 and March 31, 2010, sundry debtors and secured loans have accordingly been netted off to the extent the same represents bills discounted. Amount of bills discounted has now been disclosed under contingent liabilities.

3. Balance of Profit and Loss Account (As Restated):

The effect of changes on account of restatement pertaining to the year ended March 31, 2008 and earlier years has been adjusted to opening balance of Profit and Loss Account on April 1, 2008 and is summarized as follows:

Particulars	Note Reference in Annexure 5	Rs. in Million
Profit and Loss Account as at April 1, 2008		**528.11**
Tax adjustments of earlier years	Note 1(a)	0.10
MAT Credit of Amalgamating Companies	Note 1(b)	(0.59)
Deferred Tax Asset	Note 1(c)	10.59
Amalgamation Expenses	Note 2 (b)	3.52
Prior Period Employee Benefits of Amalgamating Companies	Note 2 (b)	5.49
Profit and Loss Account as at April 1, 2008, as Restated		**547.22**

4. Other Significant Notes (based on audited financial statements)

a) Revaluation Reserve

There are no revaluation reserves as at June 30, 2011, March 31, 2011, March 31, 2010 and March 31, 2009.

b) Acquisition/ Formation of Subsidiary

i) During the year ended March 31, 2011, the Company has acquired 100% ownership of Tara (Hong Kong) Limited by purchasing 7,800 equity shares having face value of HK $ 10 each with an investment of Rs. 24.87 million. Accordingly, Tara (Hong Kong) Limited and its wholly owned subsidiary Tara China Jewelry Limited have become subsidiaries of the Company w.e.f. September 16, 2010.

Further on March 11, 2011, 312,000 equity shares of HK $ 10 each were allotted as fully paid up by capitalization of retained profits.

ii) During the year ended March 31, 2011, Tara Jewels Holdings, Inc, a wholly owned subsidiary company has subscribed to 99.60% of the Share Capital of Tara Jewels Honduras Sociedad Da Responsibilidad Limitada.

c) Private Placement and Bonus Shares

During the year ended March 31, 2011, the Company has issued 5,923,707 bonus shares on September 4, 2010 in the ratio of 1:2 by capitalising securities premium and further issued for cash 228,880 equity shares through private placement via preferential allotment route, which is fully paid on September 7, 2010.

ANNEXURE 6: CONSOLIDATED STATEMENT OF ACCOUNTING RATIOS (ON RESTATED NUMBERS)

(Rs. in Million)

	Particulars	Period Ended June 30, 2011	Year Ended March 31, 2011	Year Ended March 31, 2010	Year Ended March 31, 2009
	Earnings Per Share (after exceptional items)				
A	**Basic (C/D)**	**4.12 ***	**22.81**	**13.57**	**4.76**
B	**Diluted (C/E)**	**4.10 ***	**22.73**	**13.57**	**4.76**
C	Net Profit after Tax after Minority Interest and after Extraordinary Items, as restated (Rs. in Million)	74.11	408.31	241.12	84.59
D	Weighted Average number of Equity shares outstanding during the Period	18,000,000	17,900,296	17,771,120	17,771,120
E	Weighted Average number of Equity shares outstanding during the Period including shares to be issued on conversion of Dilutive Potential Equity Shares	18,062,463	17,962,759	17,771,120	17,771,120
F	**Return on Net Worth (G/H*100)**	**3.27% ***	**18.58%**	**13.45%**	**5.45%**
G	Net Profit after Tax after Minority Interest and after Extraordinary Items, as restated (Rs. in Million)	74.11	408.31	241.12	84.59
H	Net Worth (Rs. In Million)	2,269.22	2,197.79	1,792.60	1,551.48
I	**Net Asset Value Per Equity Share (Rs) (J/K)**	**126.07**	**122.10**	**151.31**	**130.96**
J	Total asset less Total liabilities (Rs. In Million)	2,269.22	2,197.79	1,792.60	1,551.48
K	Number of Equity shares outstanding at the end of the Period	18,000,000	18,000,000	11,847,413	11,847,413
L	**Net asset Value per Equity share adjusted for Bonus issue (Rs.) (M/N)**	**126.07**	**122.10**	**100.87**	**87.30**
M	Total asset less Total liabilities (Rs. In Million)	2,269.22	2,197.79	1,792.60	1,551.48
N	Number of Equity shares outstsanding at the end of the Period adjusted for bonus shares issued on September 4, 2010	18,000,000	18,000,000	17,771,120	17,771,120

*Not Annualised

Notes:

1. The Ratios have been computed as Follows

Earnings Per Share (Basic) = $\dfrac{\text{Net Profit after Tax and after Extraordinary Items, as restated}}{\text{Weighted average number of equity shares outstanding during the Period}}$

Earning Per Share (Diluted) = $\dfrac{\text{Net Profit after Tax and after Extraordinary Items, as restated}}{\text{Weighted Average number of Equity shares outstanding during the Period including shares to be issued on conversion of Dilutive Potential Equity Shares}}$

Return on Net Worth = $\dfrac{\text{Net Profit after Tax and after Extraordinary Items, as restated x 100}}{\text{Net worth as at the end of the Period}}$

Net Asset Value Per Equity Share = $\dfrac{\text{Net Worth as at the end of the Period}}{\text{Number of equity shares outstanding at the end of the Period}}$

Net Asset Value Per Equity Share	Net Worth as at the end of the Period / Number of Equity shares outstanding at the end of the period adjusted for bonus shares issued on September 4, 2010

1. Net Worth means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account;

2. On 4th September 2010, the Company has issued 5,923,707 bonus shares in the ratio of 1:2 by capitalising securities premium. The Calculation of basic earnings per share has been adjusted for bonus issues for all periods presented in accordance with the requirements of AS-20 "Earnings Per Share" issued by the ICAI. Prior to Bonus issue, Restated Earning per Share (Basic and Diluted) for the year ended March 31, 2010 and 2009 were Rs.20.35 and Rs.7.14 respectively.

3. On September 2, 2010, the Board of Directors of the Company has adopted Employee Stock option Scheme 2010 ("ESOP 2010") and accorded its consent for granting 509,025 stock options representing 509,025 equity shares of Rs.10 each. As per the Scheme, 66,454 stock options representing 66,454 equity shares have vested with the eligible employees.

4. The above statement should be read with Significant Accounting Policies as in Annexure 4 and Notes on Restatements and Changes to Significant Accounting Policies as in Annexure 5.

ANNEXURE 7: CONSOLIDATED CAPITALISATION STATEMENT, AS RESTATED

(Rs. in Million)

Particulars	Pre Issue as at June 30, 2011	Post Issue
Borrowings		
Short Term Debts	2,359.85	
Long Term Debts	10.70	
Total Debts	**2,370.55**	
Shareholders' Funds		
Share Capital		
Equity Share Capital	180.00	
Reserves		
Securities Premium	305.79	
SEZ Reinvestment Allowance Reserve	241.96	
Employee Option Outstanding	20.80	
General Reserve	88.00	
Profit and Loss Account	1,458.62	
Capital Reserve	8.62	
Miscellaneous Expenditure	(34.57)	
Total Shareholders' Funds	**2,269.22**	
Long Term Debt/ Equity Ratio	0.005	
Total Debt / Equity Ratio	1.045	

Notes :

1. Term loan payable within the next one year from December 31,2010 is considered as short term debts. Working Capital Loans from Banks and Unsecured Loan are considered as short term debts.
2. Long term debt represents debt other than short term debt.
3. The figures included above are as per the Consolidated Summary Statements of Assets and Liabilities, as restated and Consolidated Summary Statement of Profits and Losses, as restated .
4. The post-issue debt equity ratio will be computed on the conclusion of the book building process.
5. Long Term Debt / Equity Ratio : $\frac{\text{Long Term Debt}}{\text{Total Shareholders' Fund}}$
6. Total Debt / Equity Ratio : $\frac{\text{Total Debt}}{\text{Total Shareholders' Fund}}$

7. The Company has issued 5,923,707 bonus shares on September 4, 2010 in the ratio of 1:2 by capitalising securities premium and issued for cash 228,880 Equity Shares of Rs. 10 each, fully paid up on September 7, 2010.
8. On September 2, 2010, the Board of Directors of the Company has adopted Employee Stock option Scheme 2010 ("ESOP 2010") and accorded its consent for granting 509,025 stock options representing 509,025 equity shares of Rs.10 each. As per the Scheme, 66,454 stock options representing 66,454 equity shares have vested with the eligible employees.
9. The above statement should be read with Significant Accounting Policies as in Annexure 4 and Notes on Restatements and Changes to Significant Accounting Policies as in Annexure 5.

ANNEXURE 8 - CONSOLIDATED STATEMENT OF DIVIDEND PAID, AS RESTATED

(Rs. In Million)

Particulars	As at	As at		
	June 30, 2011	March 31, 2011	March 31, 2010	March 31, 2009
Dividend Paid	-	-	-	-
Total	**-**	**-**	**-**	**-**

Note:

The above statement should be read with Significant Accounting Policies as in Annexure 4 and Notes on Restatements and Changes to Significant Accounting Policies as in Annexure 5.

ANNEXURE 9: - CONSOLIDATED STATEMENT OF SECURED LOANS, AS RESTATED

(Rs. in Million)

Sr. No.	Particulars	As at June 30, 2011	As at March 31, 2011	March 31, 2010	March 31, 2009
A	**Working Capital Loan From Banks:**				
	ABN Amro Bank	-	-	-	32.59
	Axis Bank	99.45	139.78	-	-
	Bank of India	332.84	325.01	105.87	198.31
	ICICI Bank	261.44	261.05	221.71	253.94
	IDBI Bank	15.03	134.66	-	-
	ING Vysya Bank Ltd	77.34	89.29	132.73	98.26
	Kotak Mahindra Bank	135.73	127.75	247.40	134.41
	Punjab National Bank	476.54	500.07	310.08	393.15
	State Bank of India	678.91	510.08	296.82	898.33
	State Bank of Patiala	66.91	61.94	87.22	48.56
	Union Bank of India	39.93	68.10	58.59	111.26
	UTI Bank	-	-	131.48	22.00
	The Bank of Novascotia	-	22.33	-	-
	Yes Bank Ltd	69.98	72.31	129.38	70.84
		2,254.10	**2,312.37**	**1,721.28**	**2,261.65**
B	**Hire Purchase Finance - Vehicle Loan**				
	From Banks:				
	State Bank Of India	13.29	9.97	2.77	4.87
	From Others:				
	Reliance Capital Ltd.	-	-	1.22	4.43
		13.29	**9.97**	**3.99**	**9.30**
	Total	**2,267.39**	**2,322.34**	**1,725.27**	**2,270.95**

Note:

1. The above statement should be read with Significant Accounting Policies as in Annexure 4 and Notes on Restatements and Changes to Significant Accounting Policies as in Annexure 5.
2. Refer Annexure 9A for terms and conditions of secured loans as on June 30, 2011

ANNEXURE 9A - STATEMENT OF PRINCIPLE TERMS AND CONDITIONS OF SECURED LOANS AS AT JUNE 30, 2011

A. WORKING CAPITAL LOANS FROM BANKS (In India)

The Company had entered into a Working Capital Consortium Agreement dated January 5, 2008, as amended from time to time and supported by the individual agreements with State Bank of India ("Lead Bank"), ICICI Bank Limited, Union Bank of India, Punjab National Bank, State Bank of Patiala, Bank of India, ING Vysya Bank Limited, Yes Bank Limited, IDBI Bank Limited, Kotak Mahindra Bank Limited, Axis Bank Limited and The Bank of Nova Scotia for credit facilities of upto Rs. 4,600 Million. Apart from this, there are also some adhoc limits sanctioned by State Bank of India, Union Bank of India, Punjab National Bank, Bank of India and The Bank of Nova Scotia totalling to Rs. 515 Million.

(Rs. in Million)

Particulars	Nature of Loan	Sanctioned Limit*				Adhoc Sanctioned Limit Rs. In Million		Outstanding Amount			Interest Rate
		Fund Based			Non-Fund Based	Nature of Loan	Sanction Limit	Fund Based		Non-Fund Based	
		Bill Disc**	PC	Total				Bill Disc**	PC		
State Bank of India	PC / Bill Disc	700.00	300.00	1,000.00	20.00	PC	200.00	739.12	330.10	112.33	10.25%
ICICI Bank Limited	PC / Bill Disc	-	260.00	260.00	190.00	-	-	-	261.45	190.00	3.41%
Union Bank of India	PC / Bill Disc	100.00	-	100.00	50.00	Bill Disc	50.00	133.40	39.93	24.57	11.50%
Punjab National Bank	PC / Bill Disc	137.50	112.50	250.00	500.00	PC	100.00	320.77	476.54	1.90	6.25%
State Bank of Patiala	PC / Bill Disc	66.00	34.00	100.00	-	-	-	33.00	66.91	-	11.50%
Bank of India	PC / Bill Disc	175.00	125.00	300.00	50.00	-	45.00	100.44	198.83	48.10	11.25%
ING Vysya Bank Limited	PC / Bill Disc	100.00	50.00	150.00	-	-	-	63.07	77.34	-	4.45%
Yes Bank Limited	PC / Bill Disc	100.00	190.00	290.00	50.00	-	-	138.25	69.97	135.00	4.50%
IDBI Bank Ltd	PC / Bill Disc	95.00	95.00	190.00	70.00	-	-	173.49	15.03	71.48	4.10%
Kotak Mahindra Bank	PC / Bill Disc	60.00	-	60.00	340.00	-	-	302.67	135.73	-	4.25%
Axis Bank Limited	PC / Bill Disc	100.00	-	100.00	300.00	-	-	157.68	99.45	140.00	4.00%
The Bank of Nova Scotia	PC / Bill Disc	-	200.00	200.00	30.00	PC / Bill Disc	120.00	349.30	-	-	2.40%
Total		**1,633.50**	**1,366.50**	**3,000.00**	**1,600.00**		**515.00**	**2,511.19**	**1,771.28**	**723.38**	

* Sanction Limits mentioned above are overall Sanction Limits and the same are interchangeable between the nature of facilities and between the participating banks.

** Bill Disc facilities refers to Sales Bill Discounted. Accordingly the outstanding amount in the facilities have been adjusted against Sundry Debtors and classified as "Contingent Liabilities". This has also been explained in Point 2(c) of Annexure 5.

Security

As per the terms of the Consortium Agreement, following security has been created for availing the aforesaid facilities.

(i) first charge by way of hypothecation of all movable assets of the Company,

(ii) equitable mortgage on certain immovable properties owned by the Company and Divya Real Estate Pvt. Ltd and

(iii) personal guarantee by Promoter and corporate guarantees by Divya Real Estate Private Limited and Fabrikant Tara International LLC.

Repayment Schedule

All working capital loan facilities are repayable on demand.

ANNEXURE 9A - STATEMENT OF PRINCIPLE TERMS AND CONDITIONS OF SECURED LOANS AS AT JUNE 30, 2011 (Contd...)

B. WORKING CAPITAL LOANS FROM BANKS (Outside India)

(Rs. in Million)

Particulars	Nature of Loan	Sanctioned Limit		Outstanding Amount		Interest Rate
		Fund Based	Non-Fund Based	Fund Based	Non-Fund Based	
State Bank of India	working capital loan	447.20	178.88	348.81	-	LIBOR + 500bps
Bank of India	working capital loan	134.16	-	134.01	-	USD Prime
Total		581.36	178.88	482.82	-	

Security

Following security has been created for availing the facilities from State Bank of India:
(i) All Assets including without limitation all inventory, receivables, other tangible and intangible assets.
(ii)security interest in 73% of capital stock of FTI and all inter company debts.

Following security has been created for availing the facilities from Bank of India: (i) Fixed Deposit worth USD 0.60 million

Repayment Schedule

All working capital loan facilities are repayable on demand.

C. HIRE PURCHASE FINANCE (VEHICLE LOAN)

Particulars	Nature of Loan	Sanctioned Limit	Outstanding Amount	Interest Rate	Repayment Term	Securities Offered
Loan From Bank:						
State Bank Of India	Car Loan	8.90	7.05	10.00%	60 Months	Car-Mercedes (One)
State Bank Of India	Car Loan	2.78	2.40	13.75%	60 Months	Car-Maruti SX4 (Four)
State Bank Of India	Car Loan	3.80	3.84	12.25%	36 Months	Car-Mercedes(One)
Total		**15.48**	**13.29**			

ANNEXURE 10: CONSOLIDATED STATEMENT OF UNSECURED LOANS, AS RESTATED

(Rs. in Million)

Particulars	As at June 30, 2011	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
From Promoters, Promoter Group & Group Companies of Promoter				
Group Companies of Promoter				
Divya Jewels International Pvt. Ltd.	77.40	77.40	77.44	77.44
Tara Duniya Corporation	25.59	25.99		
F. T. Diamonds	0.17			
Total	**103.16**	**103.39**	**77.44**	**77.44**

Notes:

1. In respect of the aforesaid unsecured loans, the principal amounts are interest free, repayable on demand and there is no repayment schedule.
2. The above statement should be read with Significant Accounting Policies as in Annexure 4 and Notes on Restatements and Changes to Significant Accounting Policies as in Annexure 5.

ANNEXURE 11 - CONSOLIDATED STATEMENT OF INVESTMENTS, AS RESTATED

(Rs. in Million)

Particulars	As at June 30,2011	As at March 31, 2011	March 31, 2010	March 31, 2009
LONG TERM INVESTMENTS:				
In Associated Companies (Unquoted)				
Divya Jewels International Pvt. Ltd.	0.18	0.18	0.18	0.18
5,000 Equity Shares of Face Value Rs. 10 each				
Aarti Jewellers Pvt Ltd.	0.08	0.08	0.08	0.08
10,000 Equity Shares of Face Value Rs. 10 each				
In Quoted Shares				
Punjab National Bank	0.04	0.04	0.04	0.04
1,400 Equity Shares of Face Value Rs. 10 each				
(Market Value)	*(1.53)*	*(1.71)*	*(1.42)*	*(0.58)*
Bank of India Ltd	0.06	0.06	0.06	0.06
1,400 Equity Shares of Face Value Rs. 10 each				
(Market Value)	*(0.58)*	*(0.67)*	*(0.48)*	*(0.31)*
In Mutual Funds				
UTI Infrastructure Advantage Fund (Series I-Growth Plan)	-	-	1.00	1.00
100,000 Units of Face Value Rs.10 each				
(Market Value)	-	-	*(0.92)*	*(0.58)*
UTI Infrastructure Fund - Growth Plan	*1.00*	*1.00*	-	-
25,462.687 Units of Face Value Rs.10 each				
(Market Value)	*(0.80)*	*(0.84)*	-	-
AXIS Triple Advantage Fund	0.50	0.50	-	-
50,000 Units of Face Value Rs.10 each				
(Market Value)	*(0.53)*	*(0.52)*	-	-
PNB-Principal Large Capital Fund - Dividend Payout	1.00	1.00	-	-
53,022.27 Units of Face Value Rs. 18.86 each				
(Market Value)	*(1.03)*	*(1.05)*	-	-
SBI PSU Fund Growth	5.00	5.00	-	-
500,000 Units of Face Value Rs. 10 each				
(Market Value)	(4.79)	(4.92)	-	-
IIMCL-Emerging India Opportunities Fund	10.00	10.00	-	-
1,000,000 Units of Face Value Rs.10 each				
(Book Value)	(10.00)	(10.00)	-	-
Principal PNB Long Term Equity Fund - FEB07- Growth Plan	-	0.63	-	-
51,370.42 Units of Face Value Rs.12.34 each				
(Market Value)	-	(0.53)	-	-
PNB-Principal Emerging Blue Chip Fund-Regular Growth	0.50	-	-	-
51,370.42 Units of Face Value Rs.10.00 each				
(Market Value)	(0.51)	-	-	-
Principal PNB Long Term Equity Fund 3 Yrs plan (Series II-Growth Plan)	-	-	0.50	0.50
50,000 Units of Face Value Rs.10 each				
(Market Value)	-	-	*(0.55)*	*(0.22)*
Principal PNB Monthly Income Growth Accumulation Plan	*0.50*	*0.50*	0.50	-
(24,417.28 Units of Face Value at Rs. 10 each)				
(Market Value)	*(0.53)*	*(0.52)*	*(0.50)*	-
SBI Infrastrcture Fund - Series I Growth	0.50	0.50	0.50	0.50
50,000 Units of Face Value Rs. 10 each				
(Market Value)	*(0.45)*	*(0.47)*	*(0.52)*	*(0.28)*
Union KBC Equity fund	*1.00*	-	-	-
50,000 Units of Face Value Rs. 10 each				
(Market Value)	*(1.02)*	-	-	-

Total	**20.36**	**19.49**	**2.86**	**2.36**
Aggregate Book Value of Unquoted Investments	**0.26**	**0.26**	**0.26**	**0.26**
Aggregate Book Value of Quoted Investments	**20.10**	**19.23**	**2.60**	**2.10**
Market Value of Quoted Investments	**21.77**	**21.23**	**4.39**	**1.97**

Notes:
1. The figures shown in brackets represents market value of Quoted Investments
The above statement should be read with Significant Accounting Policies as in Annexure 4 and Notes on Restatements and Changes to Significant Accounting Policies as in Annexure 5

ANNEXURE 12 - CONSOLIDATED STATEMENT OF SUNDRY DEBTORS, AS RESTATED

(Rs. In Million)

Particulars	As at June 30, 2011	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
Unsecured				
Debt Outstanding for a period exceeding six months				
Considered Good	391.01	378.64	397.48	458.47
Considered Doubtful	1.12	1.12	1.12	1.27
	392.13	**379.76**	**398.60**	**459.74**
Other Debts				
Considered Good	1,949.49	2,440.35	1,162.35	1,823.33
Considered Doubtful	-	-	-	-
	1,949.49	**2,440.35**	**1,162.35**	**1,823.33**
Sub Total	**2,341.62**	**2,820.11**	**1,560.95**	**2,283.07**
Less: Provision for Doubtful Debts	1.12	1.12	1.12	1.27
Total Debtors	**2,340.50**	**2,818.99**	**1,559.83**	**2,281.81**
Included in Sundry Debtors:				
A. Dues from Entities in which Key Managerial Personnel/their relatives have significant influence or control				
Fabrikant Inventory LLC	-	-	1.28	-
F. T. Diamonds	0.27	-	0.20	33.72
Aarti Jewellers Pvt Ltd.	-	-	-	0.36
Karan Arjun Jewellery Pvt. Ltd.	-	0.04	-	-
B. Dues from Promotors	**-**	**-**	-	-
C. Dues from Directors	**-**	**-**	-	-
	0.27	**0.04**	**1.48**	**34.08**

NOTES :

1. Details of related party transactions and balances have also been disclosed in Annexure 17.
2. Details of set off of Bill Discounting and Sundry Debtors have been disclosed in point 2(c) of Annexure 5.
3. The above statement should be read with Significant Accounting Policies as in Annexure 4 and Notes on Restatements and Changes to Significant Accounting Policies as in Annexure 5

ANNEXURE 13 - CONSOLIDATED STATEMENT OF LOANS AND ADVANCES, AS RESTATED

(Rs. in Million)

Particulars	As at	As at		
	June 30, 2011	March 31, 2011	March 31, 2010	March 31, 2009
Unsecured and Considered Good				
Advances recoverable in cash or in kind or for value to be received	71.33	76.76	65.74	64.56
Balances with Excise, Sales Tax and other Government Authorities	36.79	34.48	24.71	35.82
Deposits	28.69	28.71	13.81	10.63
Loans Given	1.60	1.86	3.83	7.54
Tax Payments (Net of Provisions)	(28.21)	(7.06)	39.14	52.18
MAT Credit Entitlement	-	3.50	13.75	18.55
Loans and Advances, as restated	**110.20**	**138.25**	**160.97**	**189.28**
Included in Loans and Advances				
A. Dues from Entities in which Key Managerial Personnel/ their relatives have significant influence or control				
Divya Real Estate Private Limited- Deposit	-	-	2.00	2.00
F T Diamonds - Loans Given	1.60	1.86	3.83	7.54
B. Dues from Promoters	-	-	-	-
C. Dues from Directors	-	-	-	-

1. Details of related party transactions and balances have also been disclosed in Annexure 17.
2. The above statement should be read with Significant Accounting Policies as in Annexure 4 and Notes on Restatements and Changes to Significant Accounting Policies as in Annexure 5.

ANNEXURE 14 - CONSOLIDATED STATEMENT OF CURRENT LIABILITIES AND PROVISIONS, AS RESTATED

(Rs. in Million)

Particulars	As at June 30, 2011	As at March 31, 2011	March 31, 2010	March 31, 2009
Current Liabilities:				
Sundry Creditors for Goods	3,588.25	3,213.17	1,733.48	2,436.19
Sundry Creditors for Expenses	61.64	30.89	22.79	12.00
Bills Acceptances	177.55	291.28	187.45	179.75
Others Liabilities	93.18	89.03	25.90	99.66
Statutory Liabilities	20.11	26.49	72.76	18.21
	3,940.73	**3,650.86**	**2,042.38**	**2,745.81**
Provisions:				
Provision for Gratuity	17.46	15.56	8.48	7.45
Provision for Leave Encashment	9.05	9.24	9.72	8.70
	26.51	**24.80**	**18.20**	**16.15**
	3,967.24	**3,675.66**	**2,060.58**	**2,761.96**
Included in Current Liabilities & Provisions				
A. Dues to Entities in which Key Managerial Personnel/ their relatives have significant influence or control				
Tara (Hong Kong) Ltd.	**-**	**-**	12.39	64.25
Fabrikant Inventory LLC	16.41	16.39	43.25	14.92
F. T. Diamonds Inc.	-	0.17	-	-
Divya Real Estate Private Limited	0.69	0.54	-	-
B. Dues to Promoters	-	-	-	-
C. Dues to Directors	-	-	-	-
Total	**17.10**	**17.10**	**55.64**	**79.17**

1. Details of related party transactions and balances have also been disclosed in Annexure 17.
2. The above statement should be read with Significant Accounting Policies as in Annexure 4 and Notes on Restatements and Changes to Significant Accounting Policies as in Annexure 5.

ANNEXURE 15 - CONSOLIDATED STATEMENT OF OTHER INCOME, AS RESTATED

(Rs. In Million)

Particulars	As at	As at		
	June 30, 2011	March 31, 2011	March 31, 2010	March 31, 2009
Interest on Fixed Deposit & Margin	1.94	11.58	11.05	10.93
Other Interest	0.05	0.06	4.56	1.32
Dividend	-	0.03	0.05	0.03
Rent	0.15	0.60	0.60	0.60
Sale of Gold Dust	-	0.99	-	-
Profit on Sale of Investments	-	0.13	-	2.25
Profit on Commodity Hedging	0.27	-	-	1.14
Sundry Balances W/off.	-	0.06	-	0.49
Job Work Charges	-	0.13	0.11	0.07
Reimbursement of Expenses	-	-	1.55	-
Exchange Rate Difference on Translation (Net)	0.32	0.20	-	-
Others	0.40	0.31	0.01	2.24
Other Income, as Restated	**3.13**	**14.09**	**17.93**	**19.08**
% of Net Profit Before Tax, as Restated	**3.04%**	**2.63%**	**5.91%**	**15.53%**

Note:
The above statement should be read with Significant Accounting Policies as in Annexure 4 and Notes on Restatements and Changes to Significant Accounting Policies as in Annexure 5.

ANNEXURE: 16 CONSOLIDATED STATEMENT OF CONTINGENT LIABILITIES, AS RESTATED

(Rs. in Million)

Particulars	As at June 30, 2011	As at		
		March 31, 2011	March 31, 2010	March 31, 2009
Claims against the Company not acknowledged as debt in respect of custom duty matters pending in Appeals	3.40	3.40	2.31	2.31
Claims against the Company not acknowledged as debt in respect of property tax	0.34	0.34	0.34	0.34
Bills Discounted	2,511.19	2,082.24	1,017.82	1,095.65
Total	**2,514.93**	**2,085.98**	**1,020.47**	**1,098.30**

Note:

1. In respect of Contingent Liability of Bill Discounting, refer point 2(c) of Annexure 5.
2. The above statement should be read with Significant Accounting Policies as in Annexure 4 and Notes on Restatements and Changes to Significant Accounting Policies as in Annexure 5.

ANNEXURE 17 :- CONSOLIDATED STATEMENT OF RELATED PARTY DISCLOSURE.AS RESTATED

Disclosures of Related Party Transactions as per AS-18 "Related Party Disclosure" is given below:

I. For the Period Ended 30th June, 2011

A. List of Related Parties

Key Management Personnel
1. Mr.Rajeev Sheth
2. Miss Aarti Sheth
3. Miss Alpana Deo
4. Mrs. Nalini Rajan
5. Mr.Vikram Raizada
6. Miss. Divya Sheth
7. Mr. Nikkhil Vaidya
8. Mr. Rakesh Kalra
9. Mr. Shanti Saroop Khrindria
10. Ms. Fern Mallis
11. Mr. Rajiv Jain

Entities in which Key Managerial Personnel/ their relatives have significant influence or control

1. F. T. Diamonds
2. Divya Jewels International Pvt. Ltd.
3. Divya Real Estate Pvt. Ltd.
4. Aarti Jewellers Pvt Ltd.
5. Karan Arjun Jewellery Pvt. Ltd.
6. Fabrikant Inventory LLC
7. Tara Duniya Corporation

B. Transactions during the Period Ended June 30, 2011

(Rs. in Million)

Particulars	Name of the Related Party	Key Management Personnel	Entities in which Key Managerial Personnel/ their relatives have significant influence or control
Purchase of Goods	Aarti Jewellers Pvt Ltd.	-	0.01
Remuneration and Commission	Mr.Rajeev Sheth	3.04	-
	Miss Aarti Sheth	0.38	-
	Miss Alpana Deo	1.22	-
	Mrs. Nalini Rajan	1.10	-
	Mr.Vikram Raizada	3.28	-
	Mr. Nikkhil Vaidya	0.04	-
	Mr. Shanti Saroop Khrindria	0.02	-
	Ms. Fern Mallis	0.02	-
	Mr. Rajiv Jain	0.02	-
Unsecured Loans Taken	F.T. Diamonds	-	0.17
Unsecured Loans Repaid	Tara Duniya Corporation	-	0.40
Rent Paid	Divya Real Estate Pvt. Ltd.	-	0.15
Interest Received	F. T. Diamonds Inc.	-	0.01
Closing Balances			
Debtors	F. T. Diamonds Inc.	-	0.27
Investments	Divya Jewels International Pvt.	-	0.18

Particulars	Name of the Related Party	Key Management Personnel	Entities in which Key Managerial Personnel/ their relatives have significant influence or control
	Ltd.		
	Aarti Jewellers Pvt Ltd.	-	0.08
Rent Payable	Divya Real Estate Pvt. Ltd.	-	0.69
Royalty Payable	Fabrikant Inventory LLC	-	16.41
Loans & Advances (Asset)	F. T. Diamonds Inc.	-	1.60
Unsecured Loans (Liability)	Divya Jewels International Pvt. Ltd.	-	77.40
	Tara Duniya Corporation	-	25.59
	F. T. Diamonds	-	0.17

II For the Year Ended 31st March, 2011

A. List of Related Parties

Key Management Personnel

1 . Mr.Rajeev Sheth
2. Miss Aarti Sheth
3. Brig. Anirudh Deo (Upto 31.10.2010)
4. Miss Alpana Deo
5. Mrs. Nalini Rajan
6. Mr.Vikram Raizada
7. Miss. Divya Sheth
8. Mr. Nikkhil Vaidya
9. Mr. Rakesh Kalra
10. Mr. Shanti Saroop Khrindria
11. Ms. Fern Mallis

Entities in which Key Managerial Personnel/ their relatives have significant influence or control

1. Tara (Hong Kong) Limited (Upto 15.09.2010)
2. F. T. Diamonds Inc.
3. Divya Jewels International Pvt. Ltd.
4. Divya Real Estate Pvt. Ltd.
5. Aarti Jewellers Pvt Ltd.
6. Karan Arjun Jewellery Pvt. Ltd.
7. Fabrikant Inventory LLC
8. Tara Duniya Corporation

B. Transactions during the Year Ended March 31, 2011

(Rs. in Million)

Particulars	Name of the Related Party	Key Management Personnel	Entities in which Key Managerial Personnel/ their relatives have significant influence or control
Sale of Goods	Tara (Hong Kong) Ltd.	-	240.66
	F. T. Diamonds Inc.	-	1.41
Purchase of Goods	Tara (Hong Kong) Ltd.	-	320.06
	Aarti Jewellers Pvt Ltd.	-	0.24
	F. T. Diamonds Inc.	-	7.37
Labour Charges Paid	Tara (Hong Kong) Ltd.	-	8.61
Labour Charges Received	Karan Arjun Jewellery Pvt. Ltd.	-	0.13
Repayment of Unsecured Loan	Divya Jewels International	-	0.04

Particulars	Name of the Related Party	Key Management Personnel	Entities in which Key Managerial Personnel/ their relatives have significant influence or control
Taken	Pvt. Ltd.		
Remuneration and Commission	Mr.Rajeev Sheth	15.89	-
	Miss Aarti Sheth	1.50	-
	Brig. Anirudh Deo	0.93	-
	Miss Alpana Deo	4.94	-
	Mrs. Nalini Rajan	4.17	-
	Mr.Vikram Raizada	7.12	-
	Mr. Nikkhil Vaidya	0.02	-
	Mr. Rakesh Kalra	0.02	-
	Mr. Shanti Saroop Khrindria	0.02	-
	Ms. Fern Mallis	0.02	-
Purchase of Shares	Tara Duniya Corporation	-	24.87
Rent Paid	Divya Real Estate Pvt. Ltd.	-	0.60
Deposits Received Back	Divya Real Estate Pvt. Ltd.	-	2.00
Diwali Expenses	Aarti Jewellers Pvt Ltd.	-	0.54
Sales Promotion Expenses	Aarti Jewellers Pvt Ltd.	-	0.70
Interest Received	F. T. Diamonds Inc.	-	0.04
Closing Balances			
Debtors	Karan Arjun Jewellery Pvt. Ltd.	-	0.04
Investments	Divya Jewels International Pvt. Ltd.	-	0.18
	Aarti Jewellers Pvt Ltd.	-	0.08
Rent Payable	Divya Real Estate Pvt. Ltd.	-	0.54
Royalty Payable	Fabrikant Inventory LLC	-	16.39
Other Liabilities	F. T. Diamonds Inc.	-	0.17
Loans & Advances (Asset)	F. T. Diamonds Inc.	-	1.86
Unsecured Loans (Liability)	Divya Jewels International Pvt. Ltd.	-	77.40
	Tara Duniya Corporation	-	25.99

III. For the Year Ended March 31, 2010

A. List of Related Parties

Key Management Personnel

1. Mr.Rajeev Sheth
2. Miss Aarti Sheth
3. Brig. Anirudh Deo
4. Miss Alpana Deo
5. Mrs. Nalini Rajan (From 06.10.2009)
6. Miss. Divya Sheth

Entities in which Key Managerial Personnel/ their relatives have significant influence or control

1. Tara (Hong Kong) Ltd.
2. F. T. Diamonds
3. Divya Jewels International Pvt. Ltd.
4. Divya Real Estate Pvt. Ltd.
5. Aarti Jewellers Pvt Ltd.
6. Fabrikant Inventory LLC

B. Transactions during the Year Ended March 31, 2010

(Rs. in Million)

Particulars	Name of the Related Party	Key Management Personnel	Entities in which Key Managerial Personnel/ their relatives have significant influence or control
Sale of Goods	Tara (Hong Kong) Ltd.	-	440.94
	F. T. Diamonds	-	0.37
Purchase of Goods	Tara (Hong Kong) Ltd.		887.62
	F. T. Diamonds	-	13.88
Purchase of Fixed Assets	Tara (Hong Kong) Ltd.	-	74.59
	Fabrikant Inventory LLC	-	1.16
Labour Charges Paid	Tara (Hong Kong) Ltd.	-	18.54
Unsecured Loan Taken	Divya Jewels International Pvt. Ltd.	-	77.44
Repayment of Unsecured Loan Taken	Divya Jewels International Pvt. Ltd.	-	77.44
Remuneration and Commission	Mr.Rajeev Sheth	18.77	-
	Miss Aarti Sheth	1.40	-
	Brig. Anirudh Deo	1.01	-
	Miss Alpana Deo	4.16	-
	Mrs. Nalini Rajan	0.73	-
	Miss. Divya Sheth	0.57	-
Rent	Divya Real Estate Pvt. Ltd.	-	1.20
Interest Received	F. T. Diamonds	-	0.06
Closing Balances			
Debtors	F. T. Diamonds	-	0.20
Creditors	Tara (Hong Kong) Ltd.	-	12.39
	Fabrikant Inventory LLC	-	43.25
Investments	Divya Jewels International Pvt. Ltd.	-	0.18
	Aarti Jewellers Pvt Ltd.	-	0.08
Unsecured Loans	Divya Jewels International Pvt. Ltd.	-	77.44
Deposits (Dr)	Divya Real Estate Pvt. Ltd.	-	2.00
	F. T. Diamonds	-	3.83

IV For the Year Ended March 31, 2009

A. List of Related Parties

Key Management Personnel

1. Mr.Rajeev Sheth
2. Miss Aarti Sheth
3. Brig. Anirudh Deo
4. Miss Alpana Deo
5. Miss. Divya Sheth

Entities in which Key Managerial Personnel/ their relatives have significant influence or control

1. Tara (Hong Kong) Ltd.
2. F. T. Diamonds
3. Divya Jewels International Pvt. Ltd.
4. Divya Real Estate Pvt. Ltd.
5. Aarti Jewellers Pvt Ltd.
6. Fabrikant Inventory LLC

B. Transactions during the Year Ended March 31, 2009

(Rs. in Million)

Particulars	Name of the Related Party	Key Management Personnel	Entities in which Key Managerial Personnel/ their relatives have significant influence or control
Sale of Goods	Tara (Hong Kong) Ltd.	-	363.75
	F. T. Diamonds	-	106.77
Purchase of Goods	Tara (Hong Kong) Ltd.		898.09
	F. T. Diamonds	-	56.99
Labour Charges Paid	Tara (Hong Kong) Ltd.	-	12.63
Deposits received back	Divya Real Estate Pvt. Ltd.	-	2.00
Unsecured Loan Taken	Divya Jewels International Pvt. Ltd.	-	3.05
Repayment of Unsecured Loan Taken	Divya Jewels International Pvt. Ltd.	-	35.20
Remuneration and Commission	Mr.Rajeev Sheth	17.08	-
	Miss Aarti Sheth	0.95	-
	Brig. Anirudh Deo	1.31	-
	Miss Alpana Deo	2.57	-
	Miss. Divya Sheth	0.35	-
Rent	Divya Real Estate Pvt. Ltd.	-	1.20
Reimbursment of Expenses	F. T. Diamonds	-	0.54
Royalty (Dr)	Fabrikant Inventory LLC	-	17.04
Closing Balances			
Debtors	Aarti Jewellers Pvt Ltd.	-	0.36
	F. T. Diamonds	-	33.72
Creditors	Tara (Hong Kong) Ltd.	-	64.25
	Fabrikant Inventory LLC		14.92
Investments	Divya Jewels International Pvt. Ltd.	-	0.18
	Aarti Jewellers Pvt Ltd.	-	0.08
Unsecured Loans	Divya Jewels International Pvt. Ltd.	-	77.44
Deposits (Dr)	Divya Real Estate Pvt. Ltd.	-	2.00
	F. T. Diamonds	-	7.54

ANNEXURE 18: CONSOLIDATED STATEMENT OF SEGMENT INFORMATION (ON RESTATED NUMBERS)

A. Information about Primary Business Segment

The Company is exclusively engaged in the "Diamond and Gold Jewellery" Business Segment.

B. Information about Secondary Geographical Segment

(Rs. in Million)

Particulars	Period Ended	Year Ended		
	June 30, 2011	March 31, 2011	March 31, 2010	March 31, 2009
External Revenue				
India	943.57	2,160.38	176.72	31.62
Outside India*	2,557.02	9,233.67	7,964.87	7,948.17
Total	**3,500.59**	**11,394.05**	**8,141.59**	**7,979.79**
Carrying Amount of Segment Assets				
India	6,175.82	6,357.52	4,050.69	3,671.39
Outside India*	2,457.82	1,968.85	1,631.14	3,015.89
Total	**8,633.64**	**8,326.37**	**5,681.83**	**6,687.28**
Capital Expenditure				
India	38.59	205.52	176.84	124.36
Outside India*	1.20	2.92	1.76	9.81
Total	**39.79**	**208.44**	**178.60**	**134.17**

* Includes mainly United States of America, Hong Kong, United Arab Emirates, Europe, South Africa and United Kingdom

Notes:

(a) Segment Revenue in the geographical segment considered for disclosure are as follows:
- Revenue within India includes sales to customers located within India and earnings in India and
- Revenue outside India includes sales to customers located outside India and earnings outside India.

(b) Segment revenue, results, assets and liabilities includes the respective amounts identified to each the segment and amounts allocated on a reasonable basis.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF OUR COMPANY

Unless indicated otherwise and except for discussion on result of operations on unconsolidated basis, the following discussion of our financial condition and results of operations is based on the restated consolidated financial statements for our Company and its Subsidiaries as of and for the three months period ended June 30, 2011, Fiscal 2011, 2010 and 2009, prepared in accordance with the Companies Act and Indian GAAP and restated in accordance with the SEBI Regulations, including annexures, schedules, and notes thereto and the report thereon. Our Company's consolidated financial statements and unconsolidated statements, including annexures, schedules and notes thereto and the reports thereon, appear in the section titled "Financial Statements" beginning on page 212 and 164, respectively.

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. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the sections titled "Risk Factors" and "Forward Looking Statements" beginning on page x and ix, respectively.

In this section, unless the context otherwise requires and except for discussion of operations on unconsolidated basis, a reference to "our Company" "we", "us" and "our" refers to Tara Jewels Limited and its Subsidiaries, on a consolidated basis.

OVERVIEW

We are an integrated player in the jewellery industry with experience ranging from designing to retailing of jewellery. We are conferred with the status of a Star Trading House by the Ministry of Commerce & Industry, Government of India and have been the highest exporter in gems and jewellery sector for the years 2008-2009 and 2009-2010 (*Source*: *SEEPZ-SEZ Export Award*). Our business can be divided into three operations namely, manufacturing, exporting and retailing. Our portfolio of products includes gold, platinum, honeydium, and silver jewellery with or without studded precious and semi-precious stones. Our products have presence across different price points and cater to customers across high-end, mid-market and value market segments.

We have four manufacturing units, of which one is located in Panyu, China. The other three units are located in Mumbai, India out of which two units are situated in SEEPZ and one in MIDC. For the three months period ended June 30, 2011 and Fiscal 2011, 2010 and 2009 we have achieved an aggregate production of 508.31 kgs, 4,753.25 kgs, 2,562.91 kgs and 1,551.50 kgs of jewellery, respectively. Our manufacturing units are spread over an area of 84,584 square feet employing 41 designers and 1,066 craftsmen, as on November 30, 2011.

We export studded jewellery which is manufactured by us and by third party manufacturers. We export studded jewellery to jewellery chains including Christ Uhrean & Schmuck and retailers including Walmart. We primarily export to Australia, China, Canada, European Union, South Africa, UAE, UK and USA. In the European Union, we export to 14 countries including Austria, Germany and Switzerland. Our Company's income from export operations has grown at a CAGR of 7.78% from Fiscal 2009 to Fiscal 2011. For the three months period ended June 30, 2011, Fiscal 2011, 2010 and 2009, our income from export operations constitutes 72.98%, 80.94%, 97.61% and 99.37% of our total income, respectively.

We conduct our jewellery retail operations under the brand "Tara Jewellers". We entered jewellery retailing in India in October 2008 with the launch of our Existing Store at Andheri, Mumbai and as on November 30, 2011 we operate 29 Existing Stores spread over an aggregate area of 29,229.01 square feet. We intend to launch 20 Project Stores across India by December 31, 2012. Our retail stores span across suburban areas of metro cities, mini metros and cities with higher concentration of mid-income segment. Our sales from retail operations increased to Rs. 932.68 million in Fiscal 2011 from Rs. 142.74 million in Fiscal 2010 and Rs. 23.33 million in Fiscal 2009 at CAGR of 532.28%.

Our Company has been designated as a Nominated Agency for the purposes of direct import of precious metal by the Ministry of Commerce & Industry, Government of India. Our Company for one of its manufacturing units situated in SEEPZ has been awarded as second highest and highest net foreign exchange earner for the period 2008-2009 and 2009-2010, respectively (*Source*: *SEEPZ-SEZ Export Award*). We have also been awarded with "Second Highest Exporter" award for the year 2006-2007, 2007-2008 and 2008-2009 among EPZ and EOU complexes by Gems and Jewellery Export Promotion Council. Further, we have received the "Global Supplier of the Year" award from the Walmart for 2005 and 2007, and our Ultimo unit situated at SEEPZ, Mumbai has received "Green" assessment during Walmart's ethical standard audit in 2010. All our operations are integrated into SAP.

Our Promoter, Mr. Rajeev Sheth, is a certified gemologist from Gemological Institute of America, USA and bench jeweller trained in USA and Japan. He has over 31 years of manufacturing and retail experience. He is also responsible for introducing concepts like flexible manufacturing units and turntable technology in our Company.

For the three months period ended June 30, 2011, Fiscal 2011, 2010 and 2009, our total income was Rs. 3,503.72 million, Rs. 11,408.14 million, Rs. 8,159.52 million and Rs. 7,998.87 million, respectively. Our total income grew at a CAGR of 19.42% from Fiscal 2009 to Fiscal 2011. For the three months period ended June 30, 2011, Fiscal 2011, 2010 and 2009 our net profit after tax and minority interest was Rs. 74.11 million, Rs. 408.31 million, Rs. 241.12 million and Rs. 84.59 million, 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. Australia, China, Canada, European Union, South Africa, UAE, UK and USA continue to be our major export markets. A slowdown in these economies translates to lower consumer spending and a consequent risk of lower jewellery exports to those markets. We are looking to mitigate this risk 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, 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 India 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. For our retail operations we compete with Tanishq, Gitanjali and Orra, and for our export operations we compete with Renaissance, Gold Star and Inter Gold. 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.

  We also compete on a broader scale with other retail categories, like electronics, travel and lifestyle products, accounting for consumers' discretionary expenditure. 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 retail store locations. Ability to secure suitable management, employees and suitable retail store locations can affect our business.

- **Relationship with existing major customers and export income**

Although we export to a large number of customers across various markets, we are highly dependent on top 10 customers for our exports. For the three months period ended June 30, 2011, Fiscal 2011, 2010 and 2009, these customer have accounted approximately 44.03%, 44.71%, 64.53% and 69.83% of our total income from sales, respectively. However, for the same period these customers have accounted for 60.27%, 55.17%, 65.96% and 70.11% of our total income from export operations, 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 income from repeat business. For details in relation to income from our top 10 customers see section "*Our Business – Export Operations*" on page 114.

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. For further details on list of our top markets for export operations and our customers, please refer to section "*Our Business – Export Operations*" on page 114. 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.

- **Implementation of expansion strategies**

For our export operations, our income is dependent on growth of new customers and increased sales from existing customers. We seek to leverage our long-term relationships with our existing customers to gain new customers and expand our customer base by entering into select new markets. Set forth below are select details of our export operations:

(Rs in million)

Particular	For the three months period June 30, 2011	Fiscal 2011	Fiscal 2010	Fiscal 2009
Total sales	3,500.59	11,394.05	8,141.59	7979.79
Sales from export operations	2,557.02	9,233.67	7,964.87	7,948.17
Percentage of export sales to total sales	73.05	81.04	97.83	99.60
Number of export countries	21	21	23	21

For our retail operations, we have 29 Existing Stores as on November 30, 2011. We currently plan to open 20 Project Stores by December 31, 2012. Income from our retail operations is driven by the change in same retail store sales and contribution from new retail store. Sales performance depends on number of units sold and the average selling price. The average selling price can alter due to changes in the buying patterns of consumers. Set forth below are select details of our retail operations:

(Rs. in million)

Particular	For the three months period ended June 30, 2011	Fiscal 2011	Fiscal 2010	Fiscal 2009
Total sales	3,500.59	11,394.05	8,141.59	7,979.79
Sales from retail operations	410.54	932.68	142.74	23.33

Percentage of retail sales to total sales	11.73	8.18	1.75	0.29
Number of retails stores	31	31	5	3

- **Prices of gold and diamonds**

  Gold and diamonds are primary raw materials we use to manufacture jewellery. The price fluctuation of gold, however, does not directly affect our margins as we are able to pass through the cost of gold to our customers. We fix the price of purchase of gold the day we receive an order for supply of jewellery from our customers. We believe we are insulated against the fluctuations in gold prices and do not indulge in any speculations on the same. We primarily source gold from Bank of India, Union Bank of India, Punjab National Bank, State Bank of India and Bank of Nova Scotia. However, being designated as a Nominated Agency, we also import gold directly from foreign suppliers. We have a continuing relationship with these banks and the suppliers.

  Since we export studded jewellery, diamond forms an important component of our raw materials. We normally require cut and polished diamonds and colour stones for our business operations. We source diamonds from certain leading vendors in Hong Kong, India, Israel and New York. We place orders based on spot basis which is based on various factors including pricing, delivery time and quality.

  Increase in price of gold and diamonds will result in increase in price of our products. Such an increase may reduce the short and long term demand for our products and may result in changing our customers' preference in the long term.

- **Foreign currency fluctuations**

  All our sales for export operations are U.S. Dollar denominated. Majority of raw-material purchases are U.S. Dollar denominated; however, our operating expenses are largely incurred in Rupees. Further, there is time gap between sales and realization of sales proceeds and purchases and purchase remittances. In addition to the forward cover we maintain to prevent foreign currency fluctuations, our operations also provide us a degree of natural hedge against currency fluctuation since majority of our expenses (other than operating expenses) are also denominated in foreign currency. To the extent that such sales are not covered by a forward cover or natural hedging, any fluctuation in the exchange rate is likely to affect the results of our operations.

  While a large part of our operating expenses are in Rupee, we minimise the exchange rate related risk by denominating our majority of raw material purchases in U.S. Dollar. Conducting business in currencies other than the Rupees subjects us to fluctuations in currency exchange rates.

  The exchange rates among Rupee and U.S. Dollar have changed in recent years and may fluctuate in the future. To the extent U.S. Dollar depreciates against Rupee, it would decrease our income reported in Rupee.

- **Inventory management and other operating expenses**

  Maintaining inventory is one of our significant operating costs and an increase in the inventory will increase our operating cost. With the launch of our Project Stores, we will maintain higher inventory of jewellery at these retail stores. In order to maintain adequate inventory, our working capital may increase substantially, thereby reducing our profits. As on June 30, 2011, our average cost of inventory maintained at our retail stores was Rs. 22.86 million.

  Furthermore, for our retail stores, lease rental is a major component of operating expense. In order to grow our business operations, we identify suitable and available retail store locations and successfully negotiate and finalise the terms of retail store leases at these locations. Our inability to identify suitable retail store locations at reasonable terms, or a general increase in commercial real estate rentals in cities where we have significant operations, would affect results of our operation and cash flows. As on June 30, 2011 for the aggregate area of our 31 retail stores was 31,672.96 square feet. As on November 30, 2011, we operate 29 Existing Stores spread over an area of 29,229.01 square feet.

- **Manufacturing capacity and capacity utilisation**

Capacity and capacity utilization are key factors in growth of our income. We intend to expand our manufacturing capacity to meet the growth in demand for our products. We plan to set-up a manufacturing facility in Honduras, Central America. Increase in capacity has a significant effect on our financial results, both by allowing us to produce more and achieve higher net income.

As we build additional manufacturing facility, our fixed costs will increase, and since overall utilization rate is linked to overall demand for jewellery products, any change in the demand could impact our profitability. Our ability to establish additional manufacturing facility is subject to significant uncertainties such as availability of additional funds and time and cost overruns.

- **Tax benefits**

Our Company operates through two of its units situated in SEEPZ, Mumbai. One of our units at SEEPZ, Mumbai enjoys certain tax exemptions which are as below:

Income tax: Our unit commenced manufacturing at our facility in SEEPZ, Mumbai, in Fiscal 2004. Our SEEPZ units is currently eligible for deduction of 50% of the profits and gains derived from export of goods under sections 10A and 10AA of the IT Act and the same will be available up to financial year March 31, 2013 and March 31, 2021, respectively. For further details, please refer to section titled "*Statement of Tax Benefits"* at page 85.

Value added tax: The unit is eligible for refund of entire VAT amount paid on the goods procured and used in the manufacture and export of jewellery. We initially pay VAT under the applicable laws and then file a claim for refund of same with the appropriate authorities.

Customs duty: The unit enjoys exemption from payment of entire customs duty on the goods procured and used in the manufacture and export of jewellery.

Service tax: The unit is eligible for refund of entire service tax, on the services utilized within the unit in SEZ.

CRITICAL ACCOUNTING POLICIES

Critical accounting policies are policies that are important for both the portrayal of our financial condition and results of operations and which require management's most subjective judgments. In order to provide an understanding about our management's judgment about the most appropriate accounting policy to be followed for complex transactions and future events, we have identified certain accounting policies as critical accounting policies. While all aspects of our financial statements and accounting policies should be understood in assessing our current and expected financial condition and results of operations, we believe that the following critical accounting policies warrant additional attention:

Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Monetary assets and liabilities as at the balance sheet date are translated at the rates of exchange prevailing at the date of the balance sheet. Gains and losses arising on account of differences in foreign exchange rates on settlement/ translation of monetary assets and liabilities are recognised in the profit and loss account. Non monetary foreign currency items are carried at cost at the rate on the date of transactions.

In respect of forward contracts, other than forward contracts in respect of firm commitments and highly probable forecast transactions, the premium or discount arising at the inception of forward exchange contract, is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the profit and loss account in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognized as income or as expense for the period.

Inventories

Inventories of raw materials, retail stores and consumables are valued at cost on first-in-first-out basis. Work in progress and finished goods are valued at cost or net realizable value whichever is less. Cost for this purpose comprises of raw material cost and appropriate overheads incurred for bringing them to their present condition.

Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of a qualifying asset are capitalized as part of cost of such asset till such time as the asset is ready for its intended use. Other borrowing costs are recognized as expense for the period.

For discussion on our significant accounting policies, see section titled "*Financial Statements*" on page 163.

Changes pursuant to material regroupings

Set-off of bill discounted and sundry debtors

Upto March 31, 2010, our Company followed the accounting practice of separately disclosing the gross amount of sundry debtors and the amount of monies received from the banks on discounting of bills as secured loans. Thereafter, our Company adopted the accounting practice of disclosing bills discounted as contingent liabilities. Hence in the statement of assets and liabilities, sundry debtors and secured loans have accordingly been adjusted to the extent the same represents bills discounted. Amount of bills discounted has been disclosed under contingent liabilities. For details on our contingent liability statement, see section titled "*Financial Statements*" on page 163.

RESULT OF OPERATIONS

Components of our income and expenditure are as:

Income

Our total income compromises of (i) sales; and (ii) other income.

Sales

We derive our sales income from sale of products manufactured by us and those traded by us. We sell products manufactured by us for our retail and export operations. Sales from trading comprises, (i) sale of diamonds, jewellery and allied products procured from low cost destinations; and (ii) sale of bullion.

Other income

We derive other income from interest on bank deposits and miscellaneous receipts which primarily include profit on sale of investments.

Income by geography

Our income in terms of geography is spread across different regions. Following table depicts our region-wise export operations for our top three markets:

(Rs. in million)

Region	Amount			
	For the three months period ended June 30, 2011	Fiscal 2011	Fiscal 2010	Fiscal 2009
USA	651.37	4,251.30	3,722.00	3,478.50
UAE	291.88	591.60	1,072.50	555.20

China*	1,161.61	2,978.70	1,651.30	2,192.50
Total	**2,104.86**	**7,821.60**	**6,445.80**	**6,226.20**

** represents exports made only to Hong Kong region*

Expenditure

Our total expenditure comprises of (i) cost of materials; (ii) increase/decrease in inventories; (ii) manufacturing expenses; (iii) employee remuneration and benefits; (iv) selling, administration and other expenses; (v) finance expenses; and (vi) depreciation and amortization.

Cost of materials

Our cost of material primarily includes purchase of polished diamonds, gold, gems, other materials and includes jewellery manufactured by third parties.

Increase/decrease in inventory

Increase/decrease in inventory arises on account of change in inventory levels lying in our manufacturing facilities, store houses and Existing Stores which are recorded during the beginning of each Fiscal.

Manufacturing expenses

Our manufacturing expenses include wages, labour charges, power, import expenses, repair and maintenance and other factory expenses incurred at our manufacturing facilities.

Employee remuneration and benefits

Employee remuneration and benefits include (i) salaries and performance bonuses payment to our employees, including employee stock options; (ii) contribution made to provident fund and gratuity; and (iii) expenses relating to staff welfare.

Selling, administration and other expenses

Selling, administration and other expenses include sales commission, traveling expenses, marketing and business promotion expenses, rent, security charges, clearing and forwarding charges and discounts. It also includes facility related expenses like repair and maintenance.

Finance expenses

Finance expenses include bank charges, commissions, bank guarantee charges, interest on bank borrowings which include interest payable on working capital loan and gold on loan. For further details see section titled "*Financial Indebtedness*" on page 275 for a summary of our indebtedness.

Depreciation and amortization

Depreciation includes depreciation on leasehold land, building, plant and machinery, electric installations, furniture and fixtures, office equipments, vehicle and computer whereas we amortise goodwill.

Taxation

Taxation includes both current taxes, comprising of income tax, minimum alternate tax and deferred taxes. Provision for current tax is made after taking into consideration benefits admissible under the provisions of the IT Act. Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax assets are recognised if there is a reasonable certainty that the assets will be realized in future.

Adjustment for restatement

Following are the restatement adjustments carried out for the preparation of our restated consolidated financial statements in compliance with the SEBI Regulations:

(Rs in. million)

Sr. No.	Particulars	For the three months period ended June 30, 2011	Fiscal		
			2011	2010	2009
A.	**Profit After Tax Before Minority Interest (as per Audited Accounts)**	**74.79**	**413.95**	**245.51**	**103.54**
B.	**Restatement Adjustments due to**				
	Taxes - Earlier Years	-	-	0.26	(0.16)
	Minimum Alternative Tax (MAT) Credit Utilised/ (Availed)	-	-	5.30	(5.30)
	Deferred Tax	-	-	-	10.59
C.	**Regroupings**				
	MAT Credit Utilised/ (Availed)	-	-	(5.30)	(0.59)
	Prior Year Bonus, Gratuity and Leave Encashment of Amalgamating Companies	-	-	-	5.49
	Amalgamation Expenses	-	-	-	3.52
D.	**Total adjustments (B+C)**	-	-	**0.26**	**13.55**
E.	**Tax impact on Adjustments**	-	-	-	-
F.	**Total Adjustments Net of Tax Impact (D-E)**	-	-	**0.26**	**13.55**
G.	**Profit After Tax Before Minority Interest (as Restated) (A-F)**	**74.79**	**413.95**	**245.25**	**89.99**

Consolidated results of operations for the three months period ended June 30, 2011, Fiscal 2011, 2010 and 2009

The following table sets forth select financial data from our consolidated restated profit and loss accounts for the three months period ended June 30, 2011, Fiscal 2011, 2010 and 2009, the components of which are also expressed as a percentage of total income for such periods.

(Rs. in million)

Particulars	For the three months period ended June 30, 2011		Fiscal					
			2011		2010		2009	
	(Rs. in million)	% of total income	(Rs. in million)	% of total income	(Rs. in million)	% of total income	(Rs. in million)	% of total income
Income								
Sales								
- of products manufactured by the Company	1,087.87	31.05	5,882.81	51.57	5,525.71	67.72	4,550.24	56.89
- of products traded by the Company	2,412.72	68.86	5,511.24	48.31	2,615.88	32.06	3,429.55	42.88
Other income	3.13	0.09	14.09	0.12	17.93	0.22	19.08	0.24
Total income	**3,503.72**	**100**	**11,408.14**	**100**	**8,159.52**	**100.00**	**7,998.87**	**100.00**
Expenditure								

Particulars	For the three months period ended June 30, 2011		Fiscal					
			2011		2010		2009	
	(Rs. in million)	% of total income	(Rs. in million)	% of total income	(Rs. in million)	% of total income	(Rs. in million)	% of total income
Cost of material	3,850	109.88	10,416.13	91.30	6,296.94	77.17	6,845.72	85.58
(Increase)/ decrease in inventories	(884.88)	(25.25)	(1,153.24)	(10.10)	316.54	3.88	(281.8)	(3.51)
Manufacturing expenses	105.17	3.00	389.27	3.41	252.08	3.09	257.09	3.21
Employee remuneration & benefits	104.81	2.99	359.46	3.15	239.88	2.94	261.68	3.27
Selling, administration and other expenses	104.05	2.97	411.72	3.61	368.04	4.51	342.61	4.28
Finance expense	89.74	2.56	325.39	2.85	272.76	3.34	375.72	4.70
Depreciation and amortization	31.91	0.91	123.79	1.09	109.88	1.35	65.97	0.82
Total expenditure	**3,400.80**	**97.06**	**10,872.52**	**95.31**	**7,856.12**	**96.28**	**7,866.99**	**98.35**
Net profit before tax and exceptional items	102.92	2.94	535.62	4.69	303.4	3.72	131.88	1.65
Less: Exceptional items	-	-	-	-	-	-	(9.01)	(0.11)
Net profit before tax as restated	102.92	2.94	535.62	4.69	303.4	3.72	122.87	1.54
Provision for taxation								
Current Tax	25.87	0.74	115.81	1.01	56.98	0.70	14.24	0.18
Minimum alternate tax (MAT) credit utilised	3.50	0.10	10.25	0.09	4.81	0.06	4.55	0.06
Short/(Excess) provision for tax in earlier years	-	-	-	-	-	-	0.73	0.01
MAT credit availed of amalgamating companies	-	-	-	-	-	-	(0.59)	(0.01)
Deferred tax	(1.24)	(0.04)	(4.39)	(0.03)	(3.64)	(0.05)	11.06	0.14
Fringe benefit tax	-	-	-	-	-	-	2.9	0.04
Total tax expense	**28.13**	**0.80**	**121.67**	**1.07**	**58.15**	**0.71**	**32.89**	**0.41**
Net profit after tax before minority interest, as restated	74.79	2.13	413.95	3.63	245.25	3.01	89.99	1.13
Less: Minority interest	(0.68)	(0.02)	(5.64)	(0.05)	(4.13)	(0.05)	(5.4)	(0.07)
Net profit after tax after minority interest, as restated	74.11	2.11	408.31	3.58	241.12	2.96	84.59	1.06
Balance brought forward, as restated	1,408.85	40.21	1,218.16	10.68	977.04	11.97	547.22	6.84
Balance brought forward of amalgamating companies	-	-	-	-	-	-	345.23	4.32
Less: Transfer to SEZ Reinvestment Allowance Reserve	(24.34)	(0.69)	(217.62)	(1.91)	-	-	-	-
Balance carried forward as restated	**1,458.62**	**41.63**	**1,408.85**	**12.35**	**1,218.16**	**14.93**	**977.04**	**12.21**

For the three months period ended June 30, 2011

Income

Sales

Our income from sales for the three months period ended June 30, 2011 was Rs. 3,500.59 million, consisting primarily of the sale of products manufactured by us of Rs. 1,087.87 million and sale of products traded by us of Rs. 2,412.72 million. During the same period sales from our export operations were Rs. 2,557.02 million, sales from retail operations were Rs. 410.54 million and bullion sales were Rs. 533.03 million.

Other Income

Other income for the three months period ended June 30, 2011 was Rs. 3.13 million, consisting primarily of interest income on bank deposits of Rs. 1.94 million.

Expenditure

Cost of material

Our cost of material for the three months period ended June 30, 2011 was Rs. 3,850 million, primarily on account of purchase of raw materials for export operations of Rs. 2,732.76 million and for retail operations of Rs. 593.65 million.

Increase/decrease in inventory

Our inventory for the three months period ended June 30, 2011 increased by Rs. 884.88 million, primarily on account of purchase of raw materials for export operations.

Manufacturing expense

Our manufacturing expense for the three months period ended June 30, 2011 was Rs. 105.17 million, comprising primarily of labour cost of Rs. 78.31 million and customs duty and clearing charges of Rs. 10.77 million.

Employee remuneration and benefits

Our employee costs for the three months period ended June 30, 2011 were Rs. 104.81 million, primarily on account of salaries and allowances of Rs. 91.56 million and welfare expenses of Rs. 4.14 million.

Selling, administration and other expense

Our selling, administration and other expenses for the three months period ended June 30, 2011 were Rs. 104.05 million, on account of advertising and sale promotional expenses of Rs. 24.73 million and rent for our retail stores of Rs. 14.86 million.

Finance expenses

Our finance expenses for the three months period ended June 30, 2011 were Rs. 89.74 million, due to interest of Rs. 82.64 million on bank facilities for working capital limits and bank charges of Rs. 6.82 million.

Depreciation and amortization

Our depreciation expenses for the three months period ended June 30, 2011 were Rs. 31.91 million.

Taxation

Our provision for taxation for the three months period ended June 30, 2011 was Rs. 28.13 million, primarily due to tax on income from export operations of Rs. 76.46 million and on income from retail operations of Rs. 25.67 million. The effective tax rate for the three months period ended June 30, 2011 was 27.33%.

Restated profit after minority interest

Our restated profit for the three months period ended June 30, 2011 was Rs. 74.11 million. During the same period, our restated profit as a percentage of total income was 2.12%.

Fiscal 2011 compared to Fiscal 2010

Our results of operations for Fiscal 2011 were particularly influenced by the following factors:

- increase in retail stores;
- acquisition of Tara (Hong Kong) Limited; and
- increase in sale of traded goods.

Income

Sales

Our income from sales increased by 39.95% to Rs. 11,394.05 million for Fiscal 2011 from Rs. 8,141.59 million for Fiscal 2010. Our sales from products manufactured by us increased by 6.46% to Rs. 5,882.81 million from Rs. 5,525.71 million primarily on account of increase in sales from retail operations to Rs. 932.68 million from Rs. 142.74 million. During the same period our retail stores increased to 31 from five.

Increase in sale of products traded by our Company increased by 110.68% to Rs. 5,511.24 million from Rs. 2,615.88 million primarily on account of sale of bullion of Rs. 1,227.70 million and partially on account of increase in sales from export operations. Our sales from export operations during the same period increased by 15.93% to Rs. 9,233.67 million from Rs. 7,964.87 million.

Other income

Our other income decreased by 21.42% to Rs. 14.09 million for Fiscal 2011 from Rs. 17.93 million for Fiscal 2010. This was primarily due to receipt of interest and reimbursement of other expenses towards settlement of a claim received from Oriental Insurance Company, on account theft of gold from one of our job worker's place in Fiscal 2010.

Expenditure

Cost of material

Our cost of material increased by 65.42% to Rs. 10,416.13 million for Fiscal 2011 from Rs. 6,296.94 million for Fiscal 2010. The increase in cost of material was primarily on account of purchase of bullion of Rs. 1,206.48 million for sale and due to increase in inventory levels.

Increase/decrease in inventory

Our inventory increased by Rs. 1,153.24 million for Fiscal 2011 as compared to decrease of Rs. 316.54 million for Fiscal 2010 on account of increase in retail stores to 31 from five, increase in inventory towards our export operations and acquisition of inventory of Tara (Hong Kong) Limited. During the same period our sales from export operations increased by 15.93%.

Manufacturing expense

Our manufacturing expense increased by 54.42% to Rs. 389.27 million for Fiscal 2011 from Rs. 252.08 million for Fiscal 2010, primarily due to increase in labour charges to Rs. 230.78 million from Rs. 119.85 million on account of increase in export operations. Further, increase in manufacturing expense was also on account of acquisition of Tara (Hong Kong) Limited resulting in addition of manufacturing unit at Panyu. For the same period, our import clearing charges and customs duty have increased to Rs. 39.25 million from Rs. 10.86 million on account of increase in import of raw material and bullion.

Employee remuneration and benefits

Our employee costs increased by 49.85% to Rs. 359.46 million for Fiscal 2011 from Rs. 239.88 million for Fiscal 2010, primarily due to recruitment of employees for our retail stores resulting in increase of salary outflow by Rs. 37.00 million, acquisition of Tara (Hong Kong) Limited resulting in addition of 42 employees and grant of 66,454 options to our employees pursuant to ESOP 2010. The total number of employees at our Company increased to 891 at the end of Fiscal 2011 from 627 at the end of Fiscal 2010.

Selling, administration and other expense

Our selling, administration and other expenses increased by 11.87% to Rs. 411.72 million for Fiscal 2011 from Rs. 368.04 million for Fiscal 2010, primarily due to increase in rent expenses on account of acquisition of commercial space for additional 26 retail stores. During the same period our sales promotion expenses increased to Rs. 63.83 million from Rs. 11.10 million on account of promotion of our retail operations and promotional activities undertaken by Fabrikant -Tara International LLC in USA.

Finance expenses

Our finance expenses increased by 19.30% to Rs. 325.39 million for Fiscal 2011 from Rs. 272.76 million for Fiscal 2010. This was due to increase in working capital limit to Rs. 2,312.37 million for Fiscal 2011 from Rs. 1,721.28 million in Fiscal 2010 primarily to fund our export operations, which was partially offset by bill discounting of Rs. 2,082.24 million.

Depreciation and amortization

Our depreciation expenses increased by 12.66% to Rs. 123.79 million for Fiscal 2011 from Rs. 109.88 million for Fiscal 2010. This was mainly due to increase in capital expenditure on our retail stores amounting to Rs. 128.58 million and purchase of machinery amounting to Rs. 35.87 million. During the same period, our gross block increased to Rs. 1,216.86 million from Rs. 1,011.10 million.

Taxation

Our provision for taxation increased by 109.23% to Rs. 121.67 million for Fiscal 2011 from Rs. 58.15 million for Fiscal 2010 comprising of tax on income from export operations of Rs. 92.57 million and tax on income from retail operations of Rs. 28.50 million. This was due to increase in overall taxable income and better margins from our retail operations. The effective tax rate for Fiscal 2011 was 22.71% as compared to 19.16% in Fiscal 2010.

Restated profit after minority interest

Our restated profit increased by 69.34% to Rs. 408.31 million for Fiscal 2011 from Rs. 241.12 million for Fiscal 2010. During the same period, our restated profit as a percentage of total income increased to 3.58% from 2.96%.

Fiscal 2010 compared to Fiscal 2009

Our results of operations for Fiscal 2010 were particularly influenced by the following factors:

- improved margins and control over material cost;
- lower finance expenses; and
- stabilisation of interest rates.

Income

Sales

Our income from sales increased by 2.03% to Rs. 8,141.59 million for Fiscal 2010 from Rs. 7,979.79 million for Fiscal 2009 due to increase in sale of studded jewellery. Our Company's income from sale of products manufactured by us increased by 21.44% for Fiscal 2010 compared to Fiscal 2009, whereas for the same period our sales from traded products decreased by 23.73%. Increase in sale of products manufactured by us was primarily due to general increase in volume of export order and whereas decrease in sale of products traded by us was due to general increase in volume of export order and shift of our focus to manufacturing from trading activities.

Other income

Our other income decreased by 6.03% to Rs. 17.93 million for Fiscal 2010 from Rs. 19.08 million for Fiscal 2009. This was primarily due to sale of certain investment in Fiscal 2009.

Expenditure

Cost of material

Our cost of material decreased by 8.02% to Rs. 6,296.94 million for Fiscal 2010 from Rs. 6,845.72 million for Fiscal 2009, due to decrease in inventory levels in Fiscal 2010 by Rs. 316.54 million and decrease in the trading activities.

Increase/decrease in inventory

Our inventory decreased by Rs. 316.54 million for Fiscal 2010 compared to increase of Rs. 281.80 million for Fiscal 2009. This was principally due to incremental sales.

Manufacturing expense

Our manufacturing expense decreased by 1.95% to Rs. 252.08 million for Fiscal 2010 from Rs. 257.09 million for Fiscal 2009, primarily due to better utilization of manufacturing facilities, increased productivity and lower dependency on contract labour.

Employee remuneration and benefits

Our employee costs decreased by 8.33% to Rs. 239.88 million for Fiscal 2010 from Rs. 261.68 million for Fiscal 2009, primarily due to lean structure adopted by our Subsidiary, Fabrikant-Tara International LLC. The number of employees at our Subsidiary, Fabrikant-Tara International LLC decreased to 14 at the end of Fiscal 2010 from 30 at the end of Fiscal 2009.

Selling, administration and other expense

Our selling, administration and other expenses increased by 7.42% to Rs. 368.04 million for Fiscal 2010 from Rs. 342.61 million for Fiscal 2009, primarily due to increase in discounts, promotional expenses and credit insurance premium.

Finance expenses

Our finance expenses decreased by 27.40% to Rs. 272.76 million for Fiscal 2010 from Rs. 375.72 million for Fiscal 2009. Also, during the same period as a percentage of our total income these expenses decreased to 3.34% from 4.70%. This was due to decrease in our working capital limit to Rs. 1,721.28 million from Rs. 2,261.65 million and stabilisation of interest rates.

Depreciation and amortization

Our depreciation expenses increased by 66.56% to Rs. 109.88 million for Fiscal 2010 from Rs. 65.97 million for Fiscal 2009. This was mainly due to a significant increase in our fixed assets through modifications to existing manufacturing facility at SEEPZ, Mumbai, plant and machinery, silver models for our designs and addition to information technology infrastructure. During the same period, our gross block increased to Rs. 1,011.10 million from Rs. 834.34 million.

Taxation

Our provision for taxation increased by 76.80% to Rs. 58.15 million for Fiscal 2010 from Rs. 32.89 million for Fiscal 2009. This was primarily due to increase in profit before tax to Rs. 303.40 million from Rs. 122.87 million. The effective tax rate for Fiscal 2010 was 19.16% as compared to 26.77% for Fiscal 2009 due to increase in exempted income.

Restated profit after minority interest

Our restated profit increased by 185.05% to Rs. 241.12 million for Fiscal 2010 from Rs. 84.59 million for Fiscal 2009. During the same period, our restated profit as a percentage of total income increased to 2.96% from 1.06%.

Unconsolidated Results of Operations for the three months period ended June 30, 2011, Fiscal 2011, 2010 and 2009

The following table sets forth our Company's restated unconsolidated financial statements for the three months period ended June 30, 2011 and Fiscal 2011, 2010 and 2009.

(Rs. in million)

Particulars	For the three months period ended June 30, 2011		Fiscal					
			2011		2010		2009	
	(Rs. in million)	% of total income	(Rs. in million)	% of total income	(Rs. in million)	% of total income	(Rs. in million)	% of total income
Income								
Sales								
- of products manufactured by the Company	1,066.93	31.54	5,500.09	50.39	5,319.83	67.54	4,211.64	56.33
- of products traded by the Company	2,312.78	68.38	5,402.17	49.49	2,539.72	32.24	3,247.22	43.43
Other income	2.62	0.08	13.28	0.12	17.45	0.22	17.81	0.24
Total income	3,382.33	100.00	10,915.54	100.00	7,877.00	100.00	7,476.67	100.00
Expenditure								
Cost of material	3,746.59	110.77	1,0084.17	92.38	6,649.94	84.42	6,502.32	86.97
(Increase)/ Decrease in inventories	(825.78)	(24.41)	(1,023.28)	(9.37)	(142.09)	(1.80)	(222.12)	(2.97)
Manufacturing expenses	79.98	2.36	314.25	2.88	251.92	3.20	256.64	3.43
Employee remuneration & benefits	85.85	2.54	289.56	2.65	174.14	2.21	176.35	2.36
Selling, administration and other expenses	78.77	2.33	318.65	2.92	289.52	3.68	221.65	2.96
Finance expense	81.99	2.42	303.92	2.78	248.51	3.15	358.34	4.79
Depreciation and amortization	29.88	0.88	118.06.	1.08	107.18	1.36	62.63	0.84
Total expenditure	3,277.28	96.89	10,405.33	95.33	7,579.12	96.22	7,355.81	98.38
Net profit before tax and exceptional items	105.05	3.11	510.21	4.67	297.88	3.78	120.86	1.62
Less: Exceptional items	-	-	-	-	-	-	(9.01)	(0.12)
Net profit before tax as restated	105.05	3.11	510.21	4.67	297.88	3.78	111.85	1.50
Provision for taxation	25.42	0.75	106	0.97		-		-
Current Tax	-	-	-	-	52.00	0.66	14.00	0.19
Minimum alternate tax (MAT) credit utilised	3.5	0.10	10.24	0.09	4.81	0.06	4.55	0.06

Particulars	For the three months period ended June 30, 2011		Fiscal					
			2011		2010		2009	
	(Rs. in million)	% of total income	(Rs. in million)	% of total income	(Rs. in million)	% of total income	(Rs. in million)	% of total income
Short/(Excess) provision for tax in earlier years	-	-	-	-	-	-	0.73	0.01
MAT credit availed of amalgamating companies	-	-	-	-	-	-	(0.59)	(0.01)
Deferred tax	(1.25)	(0.04)	(3.27)	(0.03)	(3.98)	(0.05)	6.93	0.09
Fringe benefit tax	-	-	-	-	-	-	2.90	0.04
Total tax expense	27.67	0.82	112.97	1.03	52.83	0.67	28.52	0.38
Net profit after tax, as restated	77.38	2.29	397.24	3.64	245.05	3.11	83.33	1.11
Balance brought forward, as restated	1,400.90	41.42	1,221.28	11.19	976.23	12.39	547.67	7.33
Balance brought forward of amalgamating companies	-	-	-	-	-	-	345.23	4.62
Profit available for appropriation, as restated	1,478.28	43.71	1,618.52	14.82	1,221.28	15.50	976.23	13.06
Capitalisation of reserves by issue of Bonus Shares	-	-	-	-	-	-	-	-
Transfer to SEZ Reinvestment Allowance Reserve	(24.34)	(0.72)	(217.62)	(1.99)	-	-	-	-
Transfer to General Reserve	-	-	-	-	-	-	-	-
Balance carried forward as restated	1,453.94	42.99	1,400.90	12.83	1,221.28	15.50	976.23	13.06

For the three months period ended June 30, 2011

Income

Sales

Our income from sales for the three months period ended June 30, 2011 was Rs. 3,379.71 million, consisting primarily of sale of products manufactured by us of Rs. 1,066.93 million and sale of products traded by us of Rs. 2,312.78 million. During the same period sales from export operations were Rs. 2,436.14 million, sales from retail operations were Rs. 410.54 million and bullion sale was Rs. 533.03 million.

Other Income

Other income for the three months period ended June 30, 2011 was Rs. 2.62 million, consisting primarily of interest income on bank deposits of Rs. 1.93 million.

Expenditure

Cost of material

Our cost of material for the three months period ended June 30, 2011 was Rs. 3,746.59 million, primarily on account of purchase of raw materials for export operations of Rs. 2,629.35 million and for retail operations of Rs. 593.65 million.

Increase/decrease in inventory

Our inventory for the three months period ended June 30, 2011 increased by Rs. 825.78 million, primarily on account of purchase of raw materials for export operations.

Manufacturing expense

Our manufacturing expense for the three months period ended June 30, 2011 was Rs. 79.98 million, comprising primarily of labour cost of Rs. 53.66 million and customs duty and clearing charges of Rs. 10.61 million.

Employee remuneration and benefits

Our employee costs for the three months period ended June 30, 2011 was Rs. 85.85 million, primarily due to salaries and allowances of Rs.72.61 million and welfare expenses of Rs.4.14 million.

Selling, administration and other expense

Our selling, administration and other expenses for the three months period ended June 30, 2011 were Rs. 78.77 million, primarily due advertising and promotional expenses of Rs. 16.36 million and rent expense for retail stores of Rs.14.86 million.

Finance expenses

Our finance expenses for the three months period ended June 30, 2011 were Rs. 81.99 million, due to interest of Rs. 76.41 million on bank facilities for working capital and bills discounted.

Depreciation and amortization

Our depreciation expenses for the three months period ended June 30, 2011 were Rs. 29.88 million.

Taxation

Our provision for taxation for the three months period ended June 30, 2011 was Rs. 27.67 million, primarily due to tax on income from export operations of Rs. 78.60 million and on income from retail operations of Rs. 25.67 million. The effective tax rate for the three months period ending June 30, 2011 was 26.34%.

Restated profit after minority interest

Our restated profit for the three months period ended June 30, 2011 was Rs. 77.38 million. During the same period, our restated profit as a percentage of total income was 2.29%.

Fiscal 2011 compared to Fiscal 2010

Our results of operations for Fiscal 2011 were particularly influenced by the following factors:

- increase in retail stores;
- increase in sale of traded goods; and
- sale of bullion.

Income

Sales

Our Company's income from sales increased by 38.71% to Rs. 10,902.26 million for Fiscal 2011 from Rs. 7,859.55 million for Fiscal 2010. Our sales from products manufactured by us increased by 3.39% to Rs. 5,500.09 million from Rs. 5,319.83 million primarily on account of increase in sales from retail operations to Rs. 932.68 million from Rs. 142.74 million.

Our Company's income from sale of products traded by our Company increased by 112.71% to Rs. 5,402.17 million from Rs. 2,539.72 million primarily on account of sale of bullion of Rs. 1,227.70 million made by our Company and partially on account of increase in sales from export operations. Our sales from export operations during the same period increased by 13.78% to Rs. 8,741.88 million from Rs. 7,682.82 million.

Other income

Our Company's other income decreased by 23.90% to Rs. 13.28 million for Fiscal 2011 from Rs. 17.45 million for Fiscal 2010. This was primarily due to receipt of interest and reimbursement of other expenses towards settlement of a claim received from Oriental Insurance Company, on account theft of gold from one of our job worker's place in Fiscal 2010.

Expenditure

Cost of materials

Our Company's cost of material increased by 51.66% to Rs. 10,084.17 million for Fiscal 2011 from Rs. 6,649.94 million for Fiscal 2010, due to purchase of bullion of Rs. 1,206.48 million for sale and increase in inventory levels.

Increase/ decrease in inventories

Our Company's inventory increased by Rs. 1,023.28 million for Fiscal 2011 as against an increase of Rs. 142.09 million for Fiscal 2010. This was principally on account of increase in retail stores to 31 from five and increase in inventory towards our export operations. During the same period our sales from export operations increased by 13.78%.

Manufacturing expense

Our Company's manufacturing expense increased by 24.74% to Rs. 314.25 million for Fiscal 2011 from Rs. 251.92 million for Fiscal 2010, primarily due to increase in labour charges to Rs. 157.05 million from Rs. 119.86 million on account of increase in export operations and increase in import clearing charges and customs duty to Rs. 26.18 million from Rs. 1.76 million on account of import of bullion.

Employee remuneration and benefits

Our Company's employee costs increased by 66.28% to Rs. 289.56 million for Fiscal 2011 from Rs. 174.14 million for Fiscal 2010, primarily due to increase in our retail stores resulting in increase in employees at our retail stores to 144 from 19 and grant of 66,454 options to our employees pursuant to ESOP 2010. Our number of employees increased to 858 at the end of Fiscal 2011 from 627 at the end of Fiscal 2010.

Selling, administration and other expense

Our Company's selling, administration and other expenses increased by 10.06% to Rs. 318.65 million for Fiscal 2011 from Rs. 289.52 million for Fiscal 2010, primarily due to increase in rent expenses on account of acquisition of commercial space for additional 26 retail stores and sales promotion expenses. During the same period our sales promotion expenses increased to Rs. 34.14 million from Rs. 11.10 million on account of promotion of our retail operations.

Finance expenses

Our Company's finance expenses increased by 22.30% to Rs. 303.92 million for Fiscal 2011 from Rs. 248.51 million for Fiscal 2010. This was due to increase in utilization of working capital limit to Rs. 1,920.24 million in Fiscal 2011 from Rs. 1,451.88 million in Fiscal 2010 in order to fund our retail and export operations, which was partially offset by bill discounting of Rs. 2,035.90 million.

Depreciation and amortization

Our Company's depreciation expenses increased by 10.15% to Rs. 118.06 million for Fiscal 2011 from Rs. 107.18 million for Fiscal 2010. This was mainly due to increase in capital expenditure on our retail stores amounting to Rs. 128.60 million and purchase of machinery amounting to Rs. 34.85 million. During the same period, our gross block increased to Rs. 1,156.50 million from Rs. 990.10 million.

Taxation

Our Company's provision for taxation increased by 113.84% to Rs. 112.97 million for Fiscal 2011 from Rs. 52.83 million for Fiscal 2010 comprising of tax on export operations of Rs. 92.57 million and tax on retail operations of Rs. 28.50 million. This was primarily due to overall taxable income and better margins from our retail operations. The effective tax rate for Fiscal 2011 was 22.14% as compared to 17.74% in Fiscal 2010 due to decrease in exempted income.

Restated profit

Our Company's restated profit increased by 62.11% to Rs. 397.24 million for Fiscal 2011 from Rs. 245.05 million for Fiscal 2010. During the same period, our restated profit as a percentage of total income increased to 3.64% from 3.11%.

Fiscal 2010 compared to Fiscal 2009

Our Company's results of operations for Fiscal 2010 were particularly influenced by the following factors:

- improved margins;
- lower finance expenses; and
- stabilisation of interest rates.

Income

Sales

Our Company's income from sales increased by 5.37% to Rs. 7,859.55 million for Fiscal 2010 from Rs. 7,458.86 million for Fiscal 2009 due to higher income from export operations. Our Company's income from sale of products manufactured by us increased by 26.31% for Fiscal 2010 compared to Fiscal 2009, whereas for the same period our sales from traded products decreased by 21.79%. Increase in sale of products manufactured by us was primarily due to general increase in volume of export order and decrease in sale of traded products was due to general increase in volume of export order and shift of our focus to manufacturing activities from trading activities. During the same period our sales from retail operations increased by 511.83% to Rs. 142.74 million from Rs. 23.33 million.

Other income

Our Company's other income decreased by 2.02% to Rs. 17.45 million for Fiscal 2010 from Rs. 17.81 million for Fiscal 2009. This was primarily due to sale of certain investment in Fiscal 2009.

Expenditure

Cost of materials

Our Company's cost of material increased by 2.27% to Rs. 6,649.94 million for Fiscal 2010 from Rs. 6,502.32 million for Fiscal 2009, due to increase in inventory levels by Rs. 142.09 million which was primarily due to increase in sales. During the same period, cost of material as a percentage of total income decreased to 84.42% from 86.97%.

Increase/ (decrease) in inventories

Our Company's inventory increased by Rs. 142.09 million for Fiscal 2010 as against an increase of Rs. 222.12 million for Fiscal 2009. This was principally due increase in retail operations.

Manufacturing expense

Our Company's manufacturing expense decreased by 1.84% to Rs. 251.92 million for Fiscal 2010 from Rs. 256.64 million for Fiscal 2009, primarily due to better utilization of manufacturing facilities, increased productivity and lower dependency on contract labour. During the same period, manufacturing expenses as a percentage of total income decreased to 3.20% from 3.43%.

Employee remuneration and benefits

Our Company's employee costs decreased by 1.25% to Rs. 174.14 million for Fiscal 2010 from Rs. 176.35 million for Fiscal 2009, primarily due to stagnation of employees' income levels. Our number of employees decreased to 627 at the end of Fiscal 2010 from 649 at the end of Fiscal 2009.

Selling, administration and other expense

Our Company's selling, administration and other expenses increased by 30.62% to Rs. 289.52 million for Fiscal 2010 from Rs. 221.65 million for Fiscal 2009, primarily due to increase in discounts, promotional expenses and premium towards credit insurance.

Finance expenses

Our Company's finance expenses decreased by 30.65% to Rs. 248.51 million for Fiscal 2010 from Rs. 358.34 million for Fiscal 2009. This was due to decrease in our working capital limit to Rs. 1,451.88 million in Fiscal 2010 from Rs. 1,886.47 million in Fiscal 2009 and stabilization of interest rates.

Depreciation and amortization

Our Company's depreciation expenses increased by 71.13% to Rs. 107.18 million for Fiscal 2010 from Rs. 62.63 million for Fiscal 2009. This was mainly due to a significant increase in our fixed assets through modifications to existing manufacturing facility at SEEPZ, Mumbai, plant and machinery, silver models for our designs and addition to IT infrastructure. During the same period, our gross block increased to Rs. 990.10 million from Rs. 815.11 million.

Taxation

Our Company's provision for taxation increased by 85.24% to Rs. 52.83 million for Fiscal 2010 from Rs. 28.52 million for Fiscal 2009 on account of increased profitability. This was primarily due to increase in profit before tax to Rs. 297.88 million from Rs. 111.85 million. The effective tax rate for Fiscal 2010 was 17.74% as compared to 25.50% for Fiscal 2009 due to increase in exempted income.

Restated profit

Our Company's restated profit increased by 194.07% to Rs. 245.05 million for Fiscal 2010 from Rs. 83.33 million for Fiscal 2009. During the same period, our restated profit as a percentage of total income increased to 3.11% from 1.11%.

FINANCIAL CONDITIONS, LIQUIDITY AND CAPITAL RESOURCES

Our business requires a significant amount of working capital to finance purchase of materials and to meet overheads towards performance of our contracts and other work before payments are received. We have historically financed our working capital requirements primarily through funds generated from our operations as well as financing from banks in the form of bank facilities for working capital.

As of June 30, 2011, our cash and cash equivalents amounted to Rs. 193.11 million. Based on our current level of expenditure, we believe our current working capital together with cash flows from operating activities and proceeds from the Issue will be adequate to meet our anticipated cash requirements for atleast next 12 months. Our anticipated cash flows are however dependent on several factors beyond our control. See section titled "*Risk Factors*" on page x.

Cash flow statement for consolidated financial statements

The table below sets forth cash flow statement for the three months period ended June 30, 2011, Fiscals 2011, 2010 and 2009

(Rs. in million)

Particulars	For the three months period ended June 30, 2011	Fiscal		
		2011	2010	2009
Net Cash Flow from /(used in) Operating Activities	105.75	(73.51)	916.63	800.24
Net Cash from / (used in) Investing Activities	(40.73)	(226.30)	(162.54)	(95.37)
Net Cash from / (used in) Financing Activities	(144.84)	290.05	(761.16)	(614.94)
Net increase / (Decrease) in Cash and Cash Equivalents	(79.82)	(9.76)	(7.07)	89.93

Operating activities

Net cash generated from operating activities was Rs. 105.75 million for the three months period ended June 30, 2011, and consisted of net profit before taxation and minority interest of Rs. 102.92 million, as adjusted for depreciation of Rs. 31.91 million, and other items, including interest of Rs. 80.93 million. Working capital adjustments included decrease in trade and other receivable of Rs. 502.99 million, increase in inventories of Rs. 884.88 million and increase in trade payables of Rs. 276.59 million.

Net cash used in operating activities was Rs. 73.51 million for Fiscal 2011, and consisted of net profit before taxation and minority interest of Rs. 535.62 million, as adjusted for depreciation and employee stock options granted of Rs. 123.79 million and Rs. 20.8 million, respectively, and other items, including interest and financial charges of Rs. 267.05 million. Working capital adjustments included increase in trade and other receivable of Rs. 658.32 million, increase in inventories of Rs. 1,153.24 million and increase in trade payables of Rs. 858.76 million.

Net cash generated from operating activities was Rs. 916.63 million for Fiscal 2010, and consisted of net profit before taxation and minority interest of Rs. 303.40 million, as adjusted for a number of non-cash items, primarily depreciation of Rs. 109.88 million, and other items, including interest and financial charges of Rs. 199.87 million. Working capital adjustments included decrease in trade and other receivable of Rs. 723.39 million, decrease in inventories of Rs. 316.54 million and decrease in trade payables of Rs. 701.38 million.

Net cash generated from operating activities was Rs. 800.24 million for Fiscal 2009, and consisted of net profit before taxation and minority interest of Rs. 122.87 million, as adjusted for a number of non-cash items, primarily depreciation of Rs. 65.97 million and other items, primarily interest and financial charges of Rs. 304.16 million. Working capital adjustments included decrease in trade and other receivable of Rs. 1,329.40 million, increase in inventories of Rs. 281.80 million and decrease in trade payables of Rs. 729.19 million.

Investing activities

Net cash used in investing activities was Rs. 40.73 million for the three months period ended June 30, 2011, primarily as a result of purchase of fixed assets of Rs. 41.87 million offset by interest and other income.

Net cash used in investing activities was Rs. 226.30 million for Fiscal 2011, primarily as a result of setting up of new retail stores of Rs. 202.67 million and payment of consideration for acquisition of Tara (Hong Kong) Limited of Rs. 24.87 million offset by interest received from investments.

Net cash used in investing activities was Rs. 162.54 million for Fiscal 2010, primarily as a result of purchase of fixed assets (net) of Rs. 177.94 million offset by small amount of interest received on investments.

Net cash used in investing activities was Rs. 95.37 million for Fiscal 2009, primarily as a result of purchase of fixed assets (net) of Rs. 111.05 million offset by small amount of interest received on investments.

Financing activities

Net cash used in financing activities was Rs. 144.84 million for the three months period ended June 30, 2011, primarily due to repayment of working limit loans of Rs. 54.94 million, finance expenses paid of Rs. 86.99 million and share issue expenses of Rs. 2.68 million.

Net cash generated from financing activities was Rs. 290.05 million for Fiscal 2011, primarily due to increase in working capital loans of Rs. 597.07 million adjusted for payment of interest and finance expenses paid of Rs. 271.68 million and share issue expense of Rs. 31.89 million.

Net cash used in financing activities was Rs. 761.16 million for Fiscal 2010, primarily due to repayment of short term borrowings of Rs. 545.68 million and finance expenses paid of Rs. 215.48 million.

Net cash used in financing activities was Rs. 614.94 million for Fiscal 2009, primarily due to payment of finance expenses amounting to Rs. 316.42 million, repayment of unsecured loan of Rs. 32.15 million, offset by proceeds from short term borrowings of Rs. 266.37 million.

Cash and cash equivalent

The cash and cash equivalents decreased by Rs. 79.82 million for the three months period ended June 30, 2011. Cash and cash equivalents include bank deposit, current account balances and cash in hand.

The cash and cash equivalents decreased by Rs. 9.76 million for Fiscal 2011 as against a decrease of Rs. 7.07 million for Fiscal 2010. Cash and cash equivalents include bank deposit, current account balances and cash in hand.

The cash and cash equivalents decreased by Rs. 7.07 million for Fiscal 2010 as against an increase of Rs. 89.93 million in Fiscal 2009. Cash and cash equivalents include bank deposit, current account balances and cash in hand.

Indebtedness

The following table summarizes our outstanding indebtedness as of the three months period ended June 30, 2011, Fiscal 2011, 2010 and 2009:

Particular	For the three months period ended June 30, 2011	Fiscal		
		2011	2010	2009
Working capital loans from banks	2,254.10	2,312.37	1,721.28	2,261.65
Vehicle loans	13.29	9.97	3.99	9.30
Total secured loans	**2,267.39**	**2,322.34**	**1,725.27**	**2,270.95**
From Promoters, Promoter Group and Group Companies	103.16	103.39	77.44	77.44
Total unsecured loans	**103.16**	**103.39**	**77.44**	**77.44**
Total	**2,370.56**	**2,425.73**	**1,802.71**	**2,348.39**

Most of our current financing arrangements are secured by our current assets, including a charge on our equipment. Some of our current financing agreements also include various conditions and covenants that require our Company to obtain lender consents prior to carrying out certain activities and entering into certain transactions, including incurring additional debt other than existing sources, undertake any expansion, provide additional guarantees, or merge with or acquire other companies, whether or not there is any failure by such entities to comply with the other terms of such agreements. Any failure to comply with the requirement to obtain a consent, or other condition or covenant under our financing agreements that is not waived by our lenders or is not otherwise cured by us, may lead to a termination of our credit facilities and/or acceleration of all amounts due under such facilities and may affect our ability to conduct our business and operations or implement our business plans.

For further information on our key outstanding loans, see section titled "*Financial Indebtedness*" on page 275.

Capital expenditure

Capital expenditures represent our fixed assets plus changes in capital work in progress (i.e., expenses incurred in relation to work in progress but not capitalised) and advance payments on account of capital expenditures.

For the three months period ended June 30, 2011, our total capital expenditure was Rs. 39.79 million of which 96.98% was utilized for India operations and 3.02% was utilized for overseas operations. For India operations, the capital expenditure was utilised for asset purchase for retail operations, purchase of plant and machinery for manufacturing and computer software.

In Fiscal 2011, our total capital expenditure was Rs. 208.44 million of which 98.60% was utilized for India operations and 1.40% was utilized for overseas operations. For India operations, the capital expenditure was primarily utilised for setting up of retail stores and investment into plant and machinery for our export operations.

In Fiscal 2010, our total capital expenditure was Rs. 178.60 million of which 99.01% was utilized for India operations and 0.91% was utilized for overseas operations. For India operations, the capital expenditure was utilised for casting, soldering and setting of jewellery.

In Fiscal 2009, our total capital expenditure was Rs. 134.17 million of which 92.69% was utilized for India operations and 7.31% was utilised for overseas operations. For India operations, the capital expenditure was utilised for engraving, casting and soldering purposes.

Over the years, we have invested substantially in our manufacturing facilities for supply of goods to our customers as well as utilise in the services provided to our clients. We expect to continue to invest in improving and modernizing our plants and machinery over the next several years. We may also invest, from time to time to expand our international presence. Recently, we have plans to set up manufacturing facility in Honduras, Central America.

Contractual obligations and commercial commitments

Except for obligations in relation to repayments of our indebtedness, we do not have any contractual obligations and commercial commitments as of June 30, 2011 which are likely to impact our liquidity and cash flows for less than a year. For further details, please see section titled "*Financial Indebtedness*" on page 275.

Off balance sheet commitments and arrangements

We do not have any off balance sheet commitment and arrangement.

Contingent liabilities

As of the three months period ended June 30, 2011, for Fiscal 2011, 2010 and 2009 we had contingent liabilities, as follows:

Particulars	For the three months period ended June 30, 2011	Fiscal		
		2011	2010	2009
Claims against the Company not acknowledged as debt in respect of custom duty matters pending in Appeals	3.40	3.40	2.31	2.31
Claims against the Company not acknowledged as	0.34	0.34	0.34	0.34

debt in respect of property tax				
Bills discounted	2,511.19	2,082.24	1,017.82	1,095.65
Total	**2,514.93**	**2,085.98**	**1,020.47**	**1,098.30**

Quantitative and qualitative disclosures about market risk

Market risk is the risk of loss related to adverse changes in market prices, including commodities risk, credit risk, interest rate risk and foreign exchange risk. We are exposed to each of these risks in the normal course of our business.

Commodities Risk

We closely follow our exposure to price fluctuations of commodities on a contract-by-contract basis. Our gold on loan arrangement with bullion suppliers, hedge our exposure to movements in commodity prices of gold. Any unusual increase in the price of the materials will require us to pass all of increase to consumer which may lead to a decrease in demand of our products.

Credit Risk

We are exposed to credit risk from our buyers. Credit risk is the risk of loss that may occur from the failure of a customer to abide by the terms of conditions of its contract with us, principally the failure to make required payments on amounts due to us. For our export operations, we extend credit to our customers, subject to prevailing credit policy of our Company. The credit risk we face in our export operations is mitigated by credit insurance policies obtained by us. However, in the event the credit insurance limit is not adequate to meet the credit risk, we may not be able to recover entire amount, as a result we may incur losses.

Interest Rate Risk

We have floating rate indebtedness and thus we are exposed to market risk as a result of changes in interest rates. As of June 30, 2011, Rs. 2,254.10 million, i.e. our entire working capital consisted of variable rate debt obligations, with original maturities ranging up to 120 days. We undertake debt obligations in the ordinary course of business including financing capital expenditures and working capital needs. Increases in interest rates increase the cost of new debt and the interest cost of outstanding variable rate borrowings. We do not currently use any derivative instruments to modify the nature of our debt so as to manage our interest rate risk.

Foreign exchange rate risk

A substantial portion of our operating expenses are incurred in Rupees and earnings are received in foreign currency. Although our operations provide us a degree of natural hedge against currency fluctuation since majority of our expenses (other than operating expenses) are also denominated in foreign currency, changes in currency exchange rates may materially influence our results of operations. We report our financial results in Rupees, while portions of our total income and expenses are denominated, generated or incurred in currencies other than Rupees, such as U.S. Dollar. For the three months period ended June 30, 2011, Fiscal 2011, 2010 and 2009, 72.98%, 80.94%, 97.61% and 99.37% of our total income, was denominated in foreign currencies, while approximately 52.17%, 44.59%, 48.60% and 57.09% of our total expenditures, was denominated in Rupees, respectively.

We enter into forward contracts to hedge exchange related risk. However, for the total income and expenditure which is in excess of hedged amount, exchange rate fluctuations could affect the amount of such income and expenditure we record.

Related party transactions

We have engaged in the past, and may engage in the future transactions with related parties on an arm's lengths basis. Such transactions could be for provision of supply of goods, services or unsecured loan. For further details of our related party transactions, see Annexure 17 of our restated consolidated Financial Statements on page 244.

Information as per Schedule VIII Part A (IX) (E) of SEBI Regulations

Unusual or infrequent events or transactions

Except as described in this Draft Red Herring Prospectus, there have been no other events or transactions that, to our knowledge, may be described as "unusual" or "infrequent".

Known trends or uncertainties

Other than as described in the section titled "*Risk Factors*" and "*Management's Discussion and Analysis of Financial Conditions and Results of Operations of our Company*" on pages x and 250, respectively, there are no known trends or uncertainties that have or are expected to have a material adverse impact on our sales or income from continuing operations.

Seasonality of business

Our business is seasonal in nature. For further details see section titled "*Risk Factors*" on page x.

Future relationship between expenditure and income in case of events such as future increase in labour or material costs or price that will cause a material change are known

Other than as described in the section entitled "*Risk Factors*" and "*Management's Discussion and Analysis of Financial Conditions and Results of Operations of our Company* " on pages x and 250, respectively, there are no future relationship between costs and income that have or had or are expected to have a material adverse impact on our operations and finances.

Extent of material increases in sales or income due to increased sales and introduction of new products or services or increased prices

Changes in income during the last three Fiscals on a consolidated and unconsolidated basis are explained in "*Management's Discussion and Analysis of Financial Condition and Results of Operations of our Company*" under the subsections titled "*Result of Operations*".

Competitive conditions

We expect competition in the jewellery sector from existing and potential competitors pursuant to greater financial and other resources, better access to capital than we do, which may enable them to compete more effectively than us which may impact our operations. For further details please refer to the discussions of our competitive conditions in the section entitled "*Risk Factors*" and "*Our Business*" beginning on pages x and 107, respectively.

Any significant dependence on a single or few suppliers or customers including foreign customers

Except as disclosed in "*Our Business*" and "*Management's Discussion and Analysis of Financial Conditions and Results of Operations of our Company*" on pages 107 and 250, there are no significant dependence on a single or few suppliers or customers.

Total turnover of each major industry segment in which our Company operates.

Our Company operates only in gems and jewellery industry.

Status of any publicly announced new products or business segment.

Except as disclosed in "*Our Business*" on page 107, our Company has not publicly announced any new products.

Significant economic changes that materially affected or are likely to affect income from continuing operations

Other than as mentioned under "*Factors Affecting Our Results of Operations*" in "*Management's Discussion and Analysis of Financial Condition and Results of Operations of our Company*" on page 251, we do not believe that there are any other significant economic changes that materially affect or are likely to affect income from continuing operations.

Significant developments after June 30, 2011 that may affect our future results of operations

To our knowledge and belief, no circumstances other than those disclosed in this Draft Red Herring Prospectus have arisen since the date of the last financial statements contained in this Draft Red Herring Prospectus which materially affect or are likely to affect, the trading and profitability of our Company, or the value of our assets or our ability to pay material liabilities within the next 12 months, except as stated below:

Fabrikant Inventory, LLC and Tara Jewels Holdings, Inc., our Subsidiary, have entered into an assignment of membership interest dated December 29, 2011 ("**Assignment Agreement**"), whereby 27% of the membership interest of Fabrikant Inventory, LLC in Fabrikant-Tara International LLC is assigned and transferred by Fabrikant Inventory, LLC to Tara Jewels Holdings, Inc. As per the terms of the Assignment Agreement, Tara Jewels Holdings, Inc. has agreed to pay U.S. Dollar 249,000 to Fabrikant Inventory, LLC, as total consideration for such assignment, which is to be paid on or before March 1, 2012. Further, as per the terms of the Assignment Agreement, Fabrikant Inventory, LLC has acknowledged that with effect from December 29, 2011, it is no longer a member of Fabrikant-Tara International LLC.

FINANCIAL INDEBTEDNESS

I. SECURED BORROWINGS

Set forth below, is a brief summary of our Company's outstanding secured borrowings of Rs. 6,126.75 million as of November 30, 2011 together with a brief description of certain significant terms of such financing arrangements.

Consortium Loan

Our Company has entered into a working capital consortium agreement dated January 5, 2008, as amended by supplemental agreements dated August 16, 2010 and January 12, 2011 with State Bank of India ("**Lead Bank**"), ICICI Bank Limited, Union Bank of India, Punjab National Bank, State Bank of Patiala, Bank of India, ING Vysya Bank Limited, Yes Bank Limited, Kotak Mahindra Bank Limited, IDBI Bank Limited, Axis Bank Limited and The Bank of Nova Scotia (together "**Lenders**") for credit facilities of up to Rs. 6,094.00 million ("**Facilities**") (and such agreements, the "**Consortium Agreement**").

Facilities provided by each Lender of the consortium:

The table below sets forth the details of the Facilities given by the Lenders:

Name of the lender	Sanctioned amount* (Rs. in million)	Outstanding amount as on November 30, 2011 (Rs.** in million)	Interest rate (p.a.)	Repayment schedule
State Bank of India***	Total: 1,220.00	1,229.06	PCFC/PSFC: 3.93% EPC/PSC:11.50%	On demand For ad hoc limit: Three months (up to December 6, 2011)
	Fund based (Bill discounting): 850.00	473.33		
	Fund based (Packing credit): 350.00	755.73		
	Non-fund based: 20.00	Nil		
ICICI Bank Limited	Total: 450.00	506.27	4.93%	On demand
	Fund based (Bill discounting): Nil	Nil		
	Fund based (Packing credit): 260.00	305.43		
	Non-fund based: 190.00	200.84		
Union Bank of India	Total: 500.00	500.47	PCFC/PSFC: 4.93% EPC: 12.00% PSC: 12.25% Gold loan: 6.50%	On demand
	Fund based (Bill discounting): 370.00	286.28		
	Fund based (Packing credit): 130.00	173.09		
	Non-fund based: Nil	41.10		
Punjab National Bank***	Total: 850.00	973.70	6.68%	On demand For ad hoc limit: three months
	Fund based (Bill discounting): 100.00	311.94		
	Fund based (Packing credit): 250.00	661.76		
	Non-fund based: 500.00	Nil		
State Bank of	Total: Rs. 150.00	150.73	11.50%	On demand

Name of the lender	Sanctioned amount* (Rs. in million)	Outstanding amount as on November 30, 2011 (Rs.** in million)	Interest rate (p.a.)	Repayment schedule
Patiala***	Fund based (Bill discounting): 66.00	45.63		For ad hoc limit: up to three months
	Fund based (Packing credit): 84.00	105.10		
	Non-fund based: Nil	Nil		
Bank of India	Total: 500.00	438.90	PCFC/PSFC: 4.93% EPC/PSC: 12.00%	On demand For ad hoc limit: 270 days
	Fund based (Bill discounting): 220.00	106.98		
	Fund based (Packing credit): 230.00	267.67		
	Non-fund based: 50.00	64.25		
ING Vysya Bank Limited	Total: 150.00	162.08	PCFC/PSFC: 4.93% EPC/PSC: 13.95%	On demand
	Fund based (Bill discounting): 100.00	72.61		
	Fund based (Packing credit): 50.00	89.47		
	Non-fund based: Nil	Nil		
Yes Bank Limited	Total: 340.00	337.56	4.93%	On demand
	Fund based (Bill discounting): 100.00	78.29		
	Fund based (Packing credit): 190.00	124.27		
	Non-fund based: Rs. 50.00	135.00		
Kotak Mahindra Bank Limited	Total: 400.00	426.11	4.93%	On demand
	Fund based (Bill discounting): 60.00	228.18		
	Fund based (Packing credit): Nil	197.93		
	Non-fund based: 340.00	Nil		
IDBI Bank Limited***	Total: 310.00	311.26	PCFC/PSFC: 4.93% EPC/PSC: 12.75%	On demand For ad hoc limits: three months
	Fund based (Bill discounting): 95.00	Nil		
	Fund based (Packing credit): 95.00	197.26		
	Non-fund based: 120.00	114.00		
Axis Bank Limited***	Total: 874.00	719.20	PCFC/PSFC: 4.93% EPC/PSC: 13.50%	On demand For ad hoc limit: 90 days or expiry of contracts, whichever is earlier
	Fund based (Bill discounting): 100.00	70.58		
	Fund based (Packing credit): 474.00	508.62		
	Non-fund based: 300.00	140.00		
The Bank of Nova	Total: 350.00	371.41	4.93%	On demand

Name of the lender	Sanctioned amount* (Rs. in million)	Outstanding amount as on November 30, 2011 (Rs.** in million)	Interest rate (p.a.)	Repayment schedule
Scotia***	Fund based (Bill discounting): Nil	Nil		
	Fund based (Packing credit): 320.00	371.41		
	Non-fund based: Rs. 30.00	Nil		
Fund based (Bill discounting)	**2,061.00**	**1,673.82**		
Fund based (Packing credit)	**2,433.00**	**3,757.74**		
Non-fund based	**1,600.00**	**695.19**		
Total	**6,094.00**	**6,126.75**		

** Sanction limits interchangeable between facilities and consortium lenders.*
*** for amounts outstanding in U.S. Dollar, the exchange rate as was applicable on November 30, 2011, has been used, i.e., Rs. 52.17 for U.S. Dollar 1.00 (Source: www.rbi.org.in).*
**** the total sanctioned amount includes ad hoc limits.*

Security:

As per the terms of the Consortium Agreement, security has been created for availing the Facilities consisting of a (i) first charge by way of hypothecation of all movable assets of our Company, (ii) equitable mortgage on certain immovable properties owned by our Company, our Promoter and our Group Company, Divya Real Estate Private Limited and (iii) personal and corporate guarantees by our Promoter, our Subsidiary, Fabrikant-Tara International LLC and Divya Real Estate Private Limited.

Material covenants:

Under the Consortium Agreement, we require prior written consent of the Lead Bank for certain corporate actions including those given below:

- any change in the capital structure of our Company;
- formulation of any scheme of amalgamation or reconstruction;
- implementation of any scheme of expansion/diversification/modernization other than incurring routine capital expenditure;
- making any corporate investments or investment by way of share capital or debentures or lending or advancing funds to or placing deposits with, any other concern except giving normal trade credits or placing on security deposits in the normal course of business or making advances to employees, provided that our Company can make such investments by way of deposits or advances that are required to be made as per existing laws; and
- undertaking any guarantee obligations on behalf of any third party or any other company.

II. UNSECURED BORROWINGS

As on November 30, 2011, our Company has availed of an unsecured loan of Rs. 113.10 million at nil interest rate from Divya Jewels International Private Limited.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below (i) there are no outstanding litigations, suits, criminal or civil prosecutions, statutory or legal proceedings including those for economic offences, tax liabilities, show cause notices or legal notices pending against our Company, our Subsidiaries, Directors, Promoter and Group Companies and entities or against any other company whose outcome could have a materially adverse effect on the business, operations or financial position of our Company, and (ii) there are no defaults including non-payment or overdue of statutory dues, over-dues to banks or financial institutions, defaults against banks or financial institutions or rollover or rescheduling of loans or any other liability, defaults in dues payable to holders of any debenture, bonds and fixed deposits or arrears on cumulative preference shares issued by our Company, Promoter and Group Companies and entities, defaults in creation of full security as per the terms of issue/other liabilities, proceedings initiated for economic, civil or any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (1) of Part I of Schedule XIII of the Companies Act) other than unclaimed liabilities of our Company or our Subsidiaries except as stated below, and (iii) no disciplinary action has been taken by SEBI or any stock exchange against our Company, Subsidiaries, Promoter, Group Companies and entities or Directors.

Further, (i) neither our Company nor our Promoter, relatives of Promoter, Subsidiaries, members of our Promoter Group, Group Companies and entities, and Directors, have been declared as wilful defaulters by the RBI or any other governmental authority and, (ii) except as disclosed in this section, there are no violations of securities laws committed by them or penalties imposed on them thereunder in the past or pending against them, and adverse findings regarding compliance with securities laws.

Unless stated to the contrary, the information provided below is as of the date of this Draft Red Herring Prospectus.

I. Contingent liabilities

Our contingent liabilities not provided for and outstanding guarantees (as disclosed in our restated unconsolidated financial statements) as of the dates indicated below, include:

(Rs. in million)

Details	As of March 31,				
	2011	**2010**	**2009**	**2008**	**2007**
Property Tax	0.34	0.34	0.34	0.34	0.34
Customs duty and taxes	3.40	2.31	2.31	2.31	2.31
Guarantee provided by bank	-	-	-	0.51	0.51
Insurance claim for theft	-	-	-	-	-
Bills discounted	2,035.90	1,017.82	1,095.65	624.91	389.96
Total	2,039.64	1,020.47	1,098.30	628.07	393.12

II. Litigation involving our Company and material developments

A. Outstanding litigation

Litigation against our Company

Customs Cases

1. A show cause notice bearing number S/14-5-42/95P dated November 13, 1997 was issued against our Company by Assistant Commissioner of Customs, Mumbai, regarding shortage of gold and misuse of wastage norms requiring our Company to pay Rs. 709,214.77 as customs duty on the shortage of gold weighing 2183.543 grams. Our Company filed its reply on October 18, 2001 stating that 2000 grams of gold had been kept in the safe held by our Company's accounts department and was not entered in the register nor was it supplied to the production unit of our Company. This discrepancy was noticed on

November 13, 1995 and necessary corrective steps were taken and the gold had been accounted for. The Additional Commissioner of Customs, Mumbai by his order dated May 13, 2011 confirmed payment of Rs. 709,214.77 as customs duty along with interest and also imposed a penalty of Rs. 709,214.77 along with interest. Our Company has filed an application dated July 5, 2011 under Section 129E of the Customs Act, 1962 before the Commissioner of Customs (Appeals), Mumbai to stay the operation of the order dated May 13, 2011. The matter is currently pending.

2. A show cause cum duty demand notice bearing number S/10/8/96-97 SEEPZ/1223 dated April 26, 1996 was issued against our Company, by Assistant Commissioner of Customs, SEEPZ for payment of customs duty of Rs. 377,133 on shortage of gold found during the course of stock taking of gold in the unit and non-fulfilment of conditions of Customs Notification No. 177/94 dated October 24, 1994. Our Company filed its reply on May 20, 1996 stating that there was no shortage of gold and that the gold was lying in the form of dust, sweeping, slurry etc., which was a normal phenomenon in the trading and manufacturing activity carried on by the traders in SEEPZ. Furthermore, our Company had undertaken recovery and refining of all the dust, slurry and had informed the Assistant Commissioner of Customs, SEEPZ by a letter dated February 28, 1996 of the accumulated gold. The matter is currently pending before the Assistant Commissioner of Customs, Mumbai.

3. M/s Vijay Gold Designs, New York, had inadvertently shipped 36 pieces of studded gold jewellery to our Company vide invoice number #28837 dated March 14, 2000 valued at Rs. 310,020. Our Company immediately filed an application for re-export of these goods to M/s Vijay Gold Designs. The Additional Commissioner of Customs, Mumbai by order bearing number AddlCommr//AH/53/2000, dated November 23, 2000 held that the 36 pieces of studded gold jewellery were liable for confiscation as they had been imported without a license and could not be cleared as prototype samples. A fine of Rs. 50,000 was imposed on our Company and it was ordered that the jewellery could be redeemed only after payment of a fine of Rs. 100,000. On appeal, the Commissioner of Customs (Appeals) by his order bearing number 45/2001AP- LIC (AIR) dated July 26, 2001 upheld the order passed by the Additional Commissioner of Customs and reduced the penalty to Rs. 30,000 and Rs. 75,000 respectively.

   Our Company filed an appeal before the Customs, Excise and Gold (Control) Appellate Tribunal, West Zonal Bench, Mumbai against the order by the Commissioner of Customs (Appeals). The Tribunal by its order bearing number CI/1296 dated April 12, 2002 waived the requirement of pre-deposit of the penalty and put a stay on its recovery by Commissioner of Customs, SEEPZ. The matter is currently pending before the Tribunal.

Civil Cases

Mr. Satish More (the "Petitioner") filed a complaint (ULP) No. 248 of 2005 dated August 23, 2005 before Ld. VIII Labour Court for oral termination of his services by our Company and invoked the ground of unfair labour practices under Maharashtra Recognition of Trade Union and Prevention of Unfair Labour Practices Act, 1971 (the "MRTU & PULP Act"). The complaint was dismissed by the Court's judgment dated April 26, 2007 stating that the services of the petitioner were not terminated. The petitioner filed a revision application No. 189 of 2007 challenging the judgment dated April 26, 2007. Meanwhile, our Company issued a charge sheet dated August 10, 2005 to the petitioner asking him to explain his regular absenteeism from work. The petitioner did not provide any explanation and another charge sheet dated August 25, 2005 was served on the petitioner. On not receiving any explanation by the petitioner, his services were terminated by our Company on May 26, 2007 for continued unauthorized absenteeism. The petitioner filed a complaint (ULP) No. 326 of 2007 under MRTU & PULP Act alleging unfair labour practices, which was dismissed by V Labour Court by judgment dated March 3, 2009. The petitioner therefore filed a revision application No. 69 of 2009. By a common judgment dated January 21, 2010 of the Ld. Industrial Court, both the revision applications, i.e., No. 189 of 2007 and No. 69 of 2009 were dismissed by the Court. The Petitioner has now filed a writ petition under Article 226 of the Constitution of India against our Company before the Bombay

High Court seeking a writ of certiorari calling for records and proceedings leading to the aforementioned judgments.

Tax Cases

1. Our Company received an assessment order dated March 28, 2005 from the Deputy Commissioner of Income Tax ("DCIT"), Range-8(3), Mumbai in connection with the assessment for the assessment year 2002-03. The order was issued under Section 143(3) of the Income Tax Act (hereinafter the "I.T Act") along with initiation of penalty proceedings under Section 274 read with Section 271 of the I.T Act for furnishing inaccurate particulars and concealment of income and a notice of demand for Rs. 13,945,994 under Section 156 of the I.T Act. Our Company filed an appeal dated April 25, 2005 before the Commissioner of Income Tax (Appeals)-XXIX ("CITA") against the assessment order dated March 28, 2005. An appellate order dated October 28, 2005 allowed the appeal partly in favour of our Company.

   Our Company filed an appeal dated November 29, 2005 before the Income Tax Appellate Tribunal, Mumbai ("ITAT") against the appellate order dated October 28, 2005. The ITAT by its order dated June 3, 2011 has partly allowed the appeal for statistical purpose. Our Company further received an order dated December 28, 2005 from DCIT giving effect to CITA's order, showing a net tax liability of Rs. 4,860,358. Our Company filed a letter dated January 24, 2006 before the DCIT for rectification under Section 154 of the I.T Act of the order dated December 28, 2005. A revised order dated March 17, 2009 was received from DCIT under Section 154 of the I.T Act giving effect to CITA's order dated October 28, 2005 wherein the tax liability was reduced to Rs. 468,393.

   Our Company received a penalty order dated March 27, 2007 from DCIT under Section 271(1)(c) of the I.T Act levying penalty of Rs. 5,592,870. Our Company filed an appeal dated April 18, 2007 before the CITA against the order dated March 27, 2007. Meanwhile, our Company also received a notice of demand dated July 16, 2007 from the CITA under Section 271(1)(c) of the I.T Act seeking demand of Rs. 5,592,870. CITA passed an order dated March 17, 2008. Our Company filed an appeal dated June 20, 2008 before the ITAT against the order dated March 17, 2008. Our Company has paid a demand of Rs. 5,187,766 on December 30, 2009.The matter is currently pending before the Tribunal.

2. Our Company received a notice dated March 20, 2006 from Joint Commissioner of Income Tax under Section 143(3) of the I.T Act connection with the assessment for the assessment year 2003-04 along with notice of demand for Rs.13,773,558 and show cause notice under Sections 271AA and 271BA of the I.T Act. Our Company filed an appeal dated April 24, 2006 before the Commissioner of Income Tax (Appeals)-XXIX ("CITA") against the assessment order dated March 20, 2006. CITA passed an appellate order dated December 22, 2006 which allowed the appeal partly in favour of our Company. Against the demand, our Company has paid a sum of Rs. 15,247,381. Our Company filed an appeal dated March 17, 2007 before the Income Tax Appellate Tribunal ("ITAT") against the order of CITA dated December 22, 2006. The matter is currently pending before the Tribunal.

   Our Company further received a penalty order dated March 28, 2008 from DCIT, Range-8(3), Mumbai under Section 271(1)(c) of the I.T Act for the assessment year 2003-04 confirming penalty of Rs. 9,148,230. Our Company filed an appeal dated April 21, 2008 before the CITA against the penalty order dated March 28, 2008. Our Company has paid a demand of Rs. 4,986,955 to the authority. The matter is currently pending before the CITA.

3. Our Company received a notice dated October 10, 2007 from the Additional Commissioner of Income Tax, Transfer Pricing-II, Mumbai under Section 92CA(2) of the I.T Act in connection with the assessment for the assessment year 2005-06. Our Company was required to produce the supporting documents for computation of arm's length price in relation to its international transactions. Our Company submitted its reply dated February 27, 2007 and submitted the requisite details to Additional Commissioner of Income Tax.

Our Company received an assessment order for the year 2005-06 dated December 23, 2008 under Section 143(3) of the I.T Act in connection with the assessment for the assessment year 2005-06 along with notice of demand for Rs. 29,722,749. Our Company filed an appeal dated January 14, 2009 before the Commissioner of Income Tax (Appeals)-XXIX ("CITA") against the assessment order dated December 23, 2008. CITA passed an order dated February 24, 2010 and allowed the appeal partly in favour of our Company. Our Company received an order dated March 26, 2010 giving effect to CITA's order showing a net tax liability of Rs. 3,018,167. Our Company has filed a letter dated June 18, 2010 for rectification of order dated March 26, 2010. The matter is currently pending.

4. Our Company received a draft assessment order dated November 30, 2009 from the Deputy Commissioner of Income Tax-8(3) under Section 143(3) of the I.T Act in connection with the assessment for the assessment year 2006-07 making an adjustment to the sales made by our Company. Our Company filed an application dated December 29, 2009 before the Dispute Resolution Panel-II, Mumbai against the draft order dated November 30, 2009. The Dispute Resolution Panel- II by its order dated June 25, 2010 partly allowed the case of our Company. Our Company received an assessment order dated July 27, 2010 from the Assistant Commissioner of Income Tax, Range-8(3), Mumbai under Section 143(3) read with Section 144C(13) of the I.T Act along with a notice of demand for Rs. 33,916,197. Our Company filed a letter before the Assistant Commissioner dated August 30, 2010 for rectification under Section 154 of the order dated July 27, 2010. Our Company filed an appeal before the Commissioner of Income Tax (Appeals)-XVIII on September 1, 2010 against the order dated July 27, 2010 which was dismissed. Our Company has filed an appeal dated October 7, 2010 before the Income Tax Appellate Tribunal against the order dated July 27, 2010. The matter is currently pending.

5. Our Company has received an assessment order dated December 10, 2008 in connection with the assessment for the assessment year 2006-07 from the Deputy Commissioner of Income Tax, Range-8(3), Mumbai under Section 115WE(3) of the I.T Act along with a notice of demand for Rs. 472,206. Our Company filed a letter of rectification dated December 29, 2008 before the authority under Section 154 of the I.T Act stating that the authority had not given credit to the Advance tax paid by our Company. The matter is currently pending.

6. Our Company has received an intimation dated February 4, 2009 in connection with the assessment for the assessment year 2007-08 from the Deputy Commissioner of Income Tax, Range-8(3), Mumbai under Section 115WE of the I.T Act showing a demand of Rs. 220,600. Our Company filed a letter dated March 30, 2009 under Section 154 of the I.T Act before the authority stating that the authority had not given credit to the Advance tax and Self Assessment tax paid by our Company. The matter is currently pending.

7. Our Company has received an intimation dated October 30, 2009 in connection with the assessment for the assessment year 2008-09 from the Deputy Commissioner of Income Tax, Range-8(3), Mumbai under Section 143(1) of the I.T Act showing a demand of Rs.7,265,400. Our Company filed a letter dated November 27, 2009 before the authority under Section 154 of the I.T Act stating that the authority had not given credit to the Advance tax and tax deducted at source paid by our Company. The matter is currently pending.

8. Our Company received a notice dated January 31, 2007 from the Additional Commissioner of Income Tax, Transfer Pricing-II(5), Mumbai under Section 92CA(2) of the I.T Act in connection with the assessment for the assessment year 2005-06. Our Company was required to produce the accounts and/or documents for the assessment year 2005-06 in relation to its international transactions. Our Company submitted its reply dated February 27, 2007 and submitted the requisite details to authority.

   Our Company received order dated October 31, 2008 from the Joint Commissioner of Income Tax, Transfer Pricing (II)-5 under Section 92CA(3) of the I.T Act along with notice of demand for Rs. 35,670,418 and assessment order dated December 17, 2008 from the Additional Commissioner of Income Tax, Range-8(3), Mumbai under Section 143(3) of the I.T Act. Our Company filed an appeal dated January 14, 2009 before the Commissioner of Income Tax-15 ("CITA") against the assessment order dated December 17, 2008. CITA passed an order dated May 7, 2010 partly allowing the appeal in favour of our Company. Our Company filed an appeal dated July 1, 2010 before the Income Tax Appellate Tribunal, Mumbai against the appellate order dated May 7, 2010. The matter is currently pending.

Our Company filed a letter dated June 24, 2010 before the Deputy Commissioner of Income Tax for giving effect to the appellate order dated May 7, 2010. Our Company received an order dated August 12, 2010 giving effect to the order of CITA reducing the demand payable to Rs. 542,305. Our Company filed a letter dated September 16, 2010 for rectification under Section 154 of the I.T Act requesting to pass an order giving effect to CITA's order dated August 12, 2010. The matter is currently pending.

9. Our Company received order dated October 29, 2008 from the Joint Commissioner of Income Tax, Transfer Pricing (II)-5 under Section 92CA(3) of the I.T Act in connection with the assessment for the assessment year 2006-07 to furnish information in relation to its international transactions. Our Company further received an assessment order dated December 4, 2009 under Section 143(3) of the I.T Act and order dated October 27, 2009 under Section 92CA(3) of the I.T Act along with a notice of demand for Rs. 17,049.

   Our Company filed an appeal dated January 04, 2010 before the Commissioner of Income Tax (Appeals)-XVIII against the order dated December 4, 2009. The appellate order dated April 23, 2010 dismissed the appeal filed by our Company. Our Company filed an appeal dated July 1, 2010 before the Income Tax Appellate Tribunal ("ITAT") against the order dated April 23, 2010. The ITAT by its order dated January 27, 2011 has allowed the appeal for statistical purpose. Our Company has also filed a letter filed dated June 1, 2010 requesting the Deputy Commissioner of Income Tax (DCIT), Range-8(3), Mumbai to give effect to order dated April 23, 2010. The matter is currently pending.

10. Our Company has received an assessment order dated November 28, 2008 connection with the assessment for the assessment year 2006-07 from the Additional Commissioner of Income Tax, Range-8(3), Mumbai under Section 115WE (3) of the I.T Act along with a notice of demand for Rs. 672,890. Our Company filed a letter of rectification dated December 18, 2008 before the Deputy Commissioner of Income Tax, Range-8(3), Mumbai under Section 154 of the I.T Act requesting the authority to give credit to the advance tax paid by our Company. The matter is currently pending.

11. Our Company has received an intimation dated March 12, 2010 connection with the assessment for the assessment year 2008-09 from the Deputy Commissioner of Income Tax, Range-8(3), Mumbai under Section 115WE of the I.T Act requiring payment of demand of Rs. 984,220. Our Company filed a letter of rectification dated April 6, 2010 before the authority under Section 154 of the I.T Act requesting the authority to give credit to the advance fringe benefit tax paid by our Company. The matter is currently pending.

12. Our Company received an assessment order dated February 13, 2004 for the year 2001-02 from the Deputy Commissioner of Income Tax, Range-8(3) ("DCIT") under Section 143(3) of the I.T Act along with initiation of penalty proceedings under Section 274 read with Section 271 of the I.T Act for furnishing inaccurate particulars and concealment of income and a notice of demand for Rs. 20,759,451 under Section 156 of the I.T Act. Our Company filed an appeal dated March 11, 2004 before the Commissioner of Income Tax (Appeals)-XXIX ("CITA") against the assessment order dated February 13, 2004. An appellate order dated July 23, 2004 allowed the appeal partly in favour of our Company. Our Company filed an appeal dated August 30, 2004 before the Income Tax Appellate Tribunal, Mumbai ("ITAT") against the appellate order dated July 23, 2004. The Tribunal by its order dated October 17, 2008 allowed the appeal partly in favour of our Company. The Commissioner of Income Tax -8, Mumbai has filed an appeal bearing number IT Appeal 1127 of 2010 before the High Court of Judicature at Bombay against the order of the Tribunal dated October 17, 2008. Our Company has filed a letter dated March April 6, 2009 before the DCIT with a request to give effect to the order

of Tribunal dated October 17, 2008 and refund Rs. 11,186,504 to our Company. The matter is currently pending.

Our Company further received a penalty order dated May 29, 2009 for the year 2001-02 from the DCIT under Section 271(1)(c) of the I.T Act levying a penalty of Rs. 703,880. Our Company filed an appeal dated June 30, 2009 before the CITA against the order dated May 29, 2009, which was dismissed by CITA by its order dated October 4, 2011. The matter is currently pending.

13. Our Company received a notice dated August 8, 2005 from the Deputy Commissioner of Income Tax, Range-8(3), Mumbai ("DCIT") under Sections 142(1) and 143(2) of the I.T Act in connection with the assessment for the year 2003-04. Our Company was required to produce the accounts and/or documents for the assessment year 2003-04. Our Company submitted its reply dated September 12, 2005 and submitted the requisite details to DCIT.

    Our Company further received a notice dated March 6, 2006 from the Commissioner of Income Tax under Section 143(3) of the I.T Act along with notice of demand for Rs. 3,702,496. Our Company filed an appeal dated April 17, 2006 before the Commissioner of Income Tax (Appeals)-XXIX ("CITA") against the assessment order dated March 6, 2006. The CITA passed an order dated February 12, 2007 allowing the appeal partly in favour of our Company. Our Company received an order dated April 27, 2007 giving effect to CITA's order, showing a net tax liability of Rs. 2,908,725. Our Company filed an appeal dated April 30, 2007 before the Income Tax Appellate Tribunal, Mumbai against the order dated February 12, 2007. Our Company filed a letter dated July 24, 2007 for rectification under Section 154 of the I.T Act for giving effect to CITAs order. The Tribunal by its order dated August 27, 2009 allowed the appeal partly in favour of our Company. Our Company filed an appeal dated August 28, 2009 before the Bombay High Court against the order dated August 27, 2009. The Bombay High Court by its order dated December 13, 2010 dismissed the appeal filed by our Company. Our Company also filed a request letter dated February 23, 2010 before the DCIT to give effect to the order dated August 27, 2009 for reducing the demand to Rs. 300,000.

    Our Company further received a penalty order dated March 28, 2008 from DCIT under Section 271(1)(c) of the I.T Act confirming a penalty of Rs. 1,934,210. Our Company filed an appeal dated April 18, 2007 before the CITA against the order dated March 28, 2008. The matter is currently pending. Our Company has also filed rectification letter dated February 1, 2010 for giving effect to the dated August 27, 2009 and thus reducing the penalty to Rs. 1,200,000. The matter is currently pending.

14. Our Company received a notice dated June 18, 2007 from the Assistant Commissioner of Income Tax, Range-8(3), Mumbai under Section 142(1) of the I.T Act in connection with the assessment for the assessment year 2005-06. Our Company was required to produce the details called for as per the questionnaire dated June 18, 2007. Our Company submitted its reply dated August 22, 2007 and submitted the requisite details to authority. Our Company received an assessment order dated December 22, 2008 under Section 143(3) of the I.T. Act and order dated May 13, 2008 under Section 92CA(3) of the I.T Act along with a notice of demand for Rs. 528,909 from the Deputy Commissioner of Income Tax, Range-8(3), Mumbai. Our Company filed an appeal dated January 14, 2004 before Commissioner of Income Tax (Appeals)-XXIX ("CITA") against the assessment order dated December 22, 2008. CITA passed an order dated August 28, 2009 allowing the appeal partly in favour of our Company. Our Company has filed a rectification letter dated November 23, 2009 for giving effect to the order dated August 28, 2009 and has paid a demand of Rs. 72,761. The matter is currently pending.

15. Our Company received a notice dated October 29, 2008 from the Joint Commissioner of Income Tax, Transfer Pricing-II(5), Mumbai under Section 92CA(2) of the I.T Act for the assessment year 2006-2007 to produce evidence for computation of arm's length price in relation to the international transactions undertaken by our Company. Our Company submitted its reply dated January 28, 2009 furnishing the requisite details.

Our Company received an assessment order dated December 4, 2009 under Section 143 (3) of the I.T Act and an order dated October 27, 2009 under Section 92CA (3) of the I.T Act along with a notice of demand of Rs. 202,991. Our Company filed an appeal dated January 4, 2010 before the Commissioner of Income Tax (Appeals)-15("CITA") against the assessment order dated December 4, 2009. CITA passed an order dated April 23, 2010 which allowed the appeal partly in favour of our Company. Our Company has filed a letter dated June 1, 2010 before the Deputy Commissioner of Income Tax to give effect to the order dated April 23, 2010. The matter is currently pending.

16. Our Company received an assessment order dated January 17, 2011 from the Deputy Commissioner of Income Tax, Range-8(3), Mumbai under Section 143(3) of the I.T Act in connection with the assessment for the assessment year 2007-08 along with notice of demand of Rs. 905,125. Our Company has filed an appeal dated February 14, 2011 before the Commissioner of Income Tax (Appeals)-15, Mumbai against the assessment order dated January 17, 2011. The matter is currently pending.

17. Our Company received an assessment order from the Deputy Commissioner of Income Tax, Range-8(3), Mumbai in connection with the assessment for the assessment year 2006-07 dated December 10, 2008 under Section 115WE(3) of the I.T Act requiring our Company to pay a demand of Rs. 854,460. Our Company filed a letter dated December 24, 2008 for rectification under Section 154 of the I.T Act before the authority to give credit to the advance tax paid by our Company. The matter is currently pending.

18. Our Company received an intimation dated February 4, 2009 from the Deputy Commissioner of Income Tax, Range-8(3), Mumbai in connection with the assessment for the assessment year 2007-08 under Section 143(1) of the I.T Act requiring our Company to pay a demand of Rs. 403,057. Our Company filed a letter dated February 19, 2009 for rectification under Section 154 of the I.T Act before the authority to give credit to the tax deducted at source paid by our Company. The matter is currently pending.

19. Our Company received an intimation dated February 4, 2009 from the Deputy Commissioner of Income Tax, Range-8(3), Mumbai in connection with the assessment for the assessment year 2007-08 under Section 115WE of the I.T Act requiring our Company to pay a demand of Rs. 41,780. Our Company filed a letter dated March 30, 2009 for rectification under Section 154 of the I.T Act before the authority to give credit to the advance tax paid by our Company. The matter is currently pending.

20. Our Company has received a show cause notice dated October 17, 2011 from the Joint Commissioner, Service Tax- I, Mumbai requiring our Company to show cause as to why service tax of Rs. 3,361,389 should not be demanded and recovered under proviso to Section 73(1) read with Sections 68 and 66A of the Finance Act, 1994 read with Rule 3(iii) of the Taxation of Services (Provided from Outside India and Received in India) Rules, 2006 along with interest and penalty under applicable provisions of the Finance Act, 1994. The matter is currently pending.

Litigation by our Company

Civil Cases

Our Company has filed a suit bearing number 1035/2010 against ICICI Lombard General Insurance Company Limited, QBE Insurance Group Limited, and others in the Bombay High Court on October 12, 2009. The suit pertains to recovery of Rs. 311,692,297 arising under the insurance policy (number 4031/0000015/01) by ICICI Lombard General Insurance Company Limited and QBE Insurance Group Limited in favour of our Company, effective from November 1, 2004. Under the insurance policy, the export credit sales of precious stones and jewellery made by our Company were covered and insured against the insolvency of the buyer/importer and any default risks. Fabrikant H.K. Limited was one of the customers of our Company. M. Fabrikant & Sons Inc. signed a guarantee agreement dated February 11, 2005 whereby it agreed to absolutely and unconditionally guarantee the payment of amounts due to our Company by its subsidiary Fabrikant H.K. Limited.

In June 2006, our Company was informed that M. Fabrikant & Sons Inc. was facing a major cash/credit/liquidity crunch and Fabrikant H.K. Limited was unable to make payments which were due to our Company. Thereafter, our Company by an email dated September 19, 2006 informed ICICI Lombard General Insurance Company Limited and QBE Insurance Group Limited that Fabrikant H.K. Limited had defaulted in making payments. ICICI Lombard General Insurance Company Limited by an email dated November 6, 2006 denied the insurance claim alleging breach of the insurance policy stating that despite default by Fabrikant H.K. Limited, our Company had continued to proceed, advance and expand our trading activities with M. Fabrikant & Sons Inc. The matter is currently pending.

Criminal Cases

Our Company has filed a first information report dated October 14, 2011 under Sections 34 and 420 of the Indian Penal Code, 1860 in relation to theft of Rs. 181,570 on October 12, 2011 at our retail store located in Pune.

B. Proceedings initiated against our Company for economic offences

There are no proceedings initiated against our Company for any economic offences.

C. Past penalties imposed on our Company

Our Company made an application dated January 5, 2010 to RBI under Foreign Exchange (Compounding Proceedings) Rules, 2000 for compounding of contraventions of: (a) delay in reporting receipt of foreign inward remittances towards subscription to equity; and (b) delay in filing of form FC-GPR for issue of shares to person resident outside India.

The Compounding Authority under Section 15(1) of the Foreign Exchange Management Act, 1999 and the provisions of the Foreign Exchange (Compounding Proceedings) Rules, 2000 issued an order bearing number C.A No.78/2010 dated April 27, 2010 requiring our Company to pay a fine of Rs. 75,000. Our Company has paid the requisite amount to the RBI in compliance of the order by the Compounding Authority. Our Company has received a letter dated June 17, 2010 from RBI, confirming the payment of Rs. 75,000 by our Company towards the fine levied by the Compounding Authority.

D. Potential litigation against our Company

There are no potential litigations against our Company that we are currently aware of or in connection with which, we have received notice.

E. Material developments since the last balance sheet date

Except as disclosed in the section titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations of our Company"* at page 250, in the opinion of our Board, there have not arisen, since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of its consolidated assets or its ability to pay its material liabilities within the next 12 months.

F. Outstanding dues to small scale undertaking(s) or any other creditors

There are no outstanding dues above Rs. 100,000 to small scale undertaking(s) or any other creditors by our Company, for more than 30 days, except in the ordinary course of business.

G. Outstanding litigation against other companies whose outcome could have an adverse effect on our Company

There is no outstanding litigation, suits, criminal or civil prosecutions, statutory or legal proceedings including those for economic offences, tax liabilities, prosecution under any enactment in respect of Schedule XIII of the Companies Act, show cause notices or legal notices pending against any company whose outcome could affect the operation or finances of our Company or have a material adverse effect on the position of our Company.

H. Adverse findings against any persons/entities connected with our Company as regards non compliance with securities laws

There are no adverse findings involving any persons/entities connected with our Company as regards non compliance with securities law.

I. Disciplinary action taken by SEBI or stock exchanges against our Company

There is no disciplinary action taken by SEBI or stock exchanges against our Company.

J. Criminal proceedings initiated against our Company

There are no criminal proceedings initiated against our Company outstanding as on the date of the Draft Red Herring Prospectus.

III. Litigation involving the Directors of our Company

A. Outstanding litigation against our Directors

There is no outstanding litigation involving our Directors including criminal prosecutions or civil proceedings involving our Directors, and there are no material defaults, violation of statutory regulations or non-payment of statutory dues, over dues to banks/financial institutions or defaults against banks/financial institutions by our Directors (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (1) of part I of Schedule XIII of the Companies Act).

B. Outstanding litigation filed by our Directors

There are no pending litigations, including disputed outstanding litigations and material developments/proceeding filed by our Directors.

C. Past penalties imposed on our Directors

There are no past penalties imposed on our Directors.

D. Proceedings initiated against our Directors for economic offences

There are no proceedings initiated against our Directors for any economic offences.

E. Criminal proceedings initiated against our Directors

There are no criminal proceedings initiated against our Directors as on the date of filing the Draft Red Herring Prospectus.

F. Tax proceedings initiated against our Directors

There are no tax proceedings initiated against our Directors towards tax liabilities as on the date of filing the Draft Red Herring Prospectus.

IV. Litigation involving our Subsidiaries

There is no outstanding litigation involving our Subsidiaries, including criminal prosecutions or civil proceedings, and there are no defaults, non-payment of statutory dues, over dues to banks/financial institutions or defaults against banks/financial institutions by our Subsidiaries, pertaining to matters likely to affect its operations, including tax liabilities, prosecutions under any enactment in respect to Schedule XIII of the Companies Act, 1956.

V. Litigation involving the Promoter of our Company

A. Outstanding litigation against our Promoter

There is no outstanding litigation involving our Promoter, including criminal prosecutions or civil proceedings involving our Promoter, and there are no material defaults, non-payment of statutory dues, over dues to banks/financial institutions or defaults against banks/financial institutions by our Promoter (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (1) of part I of Schedule XIII of the Companies Act).

B. Outstanding litigation filed by our Promoter

There are no pending litigations, including disputed outstanding litigations and material developments/proceeding filed by our Promoter.

C. Past penalties imposed on our Promoter

There are no past penalties imposed on our Promoter.

D. Criminal proceedings initiated against our Promoter

There are no criminal proceedings initiated against our Promoter as on the date of filing the Draft Red Herring Prospectus.

E. Proceedings initiated against our Promoter for economic offences

There are no proceedings initiated against our Promoter, for any economic offences.

F. Tax proceedings initiated against our Promoter

1. Our Promoter received an assessment order dated September 29, 2011 from the Assistant Commissioner of Income Tax, Circle-8(3), Mumbai under Section 143(3) of the I.T Act in connection with the assessment for the assessment year 2009-10, along with a notice of demand for a sum of Rs. 3,572,193. The assessment order included the initiation of penalty proceedings against our Promoter under Section 271(1)(c) of the I.T Act for committing default. Our Promoter has filed an appeal dated November 9, 2011 before the Commissioner of Income Tax (Appeals) – XVIII, Mumbai against the order dated September 29, 2011. The matter is currently pending.

G. Litigations/Defaults in respect of companies/firms/ventures with which our Promoter were associated in the past

There is no outstanding litigation/defaults in respect of companies/firms/ventures with which our Promoter were associated in the past.

H. Adverse findings against any persons/entities connected with our Promoter as regards non compliance with securities laws

There are no adverse findings involving any persons/entities connected with our Promoter with regard to non compliance with securities law.

I. Civil proceedings initiated against our Promoter

There are no civil proceedings initiated against our Promoter as on the date of filing the Draft Red Herring Prospectus.

J. Litigation against our Promoter for violation of statutory regulations

There are no proceedings initiated against our Promoter for violation of statutory regulations as on the date of filing the Draft Red Herring Prospectus.

VI. Litigation involving Group Companies and entities

A. Outstanding litigation against our Group Companies and entities

There are no pending litigations, including disputed outstanding litigations and material developments/proceeding filed against our Group Companies and entities.

B Outstanding litigation filed by our Group Companies and entities

There are no pending litigations, including disputed outstanding litigations and material developments/proceeding filed by our Group Companies and entities.

C. Past penalties imposed on our Group Companies and entities

There are no past penalties imposed on our Group Companies and entities.

D. Proceedings initiated against our Group Companies and entities for economic offences

No proceedings have been initiated against our Group Companies and entities for any economic offence.

E. Adverse findings against any persons/entities connected with our Group Companies and entities as regards non compliance with securities laws

There are no adverse findings involving any persons/entities connected with our Group Companies and entities with regard to non compliance with securities law.

F. Proceedings initiated against our Group Companies and entities involving labour disputes or closure

There are no pending litigation against our Group Companies and entities with respect to labour disputes or closures as on the date of filing the Draft Red Herring Prospectus.

G. Proceedings against our Group Companies and entities with respect to default/over dues

There are no pending litigation against our Group Companies and entities with respect to default/over dues as on the date of filing the Draft Red Herring Prospectus.

GOVERNMENT AND OTHER APPROVALS

In view of the approvals listed below, our Company can undertake this Issue and our current business activities, and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake this Issue or continue our business activities. Unless otherwise stated, these approvals are all valid as of the date of this Draft Red Herring Prospectus. For further details in connection with the regulatory and legal framework within which we operate, see section titled "*Regulations and Policies*" on page 122.

A. Approvals relating to the Issue

1. Our Board has, pursuant to its resolution dated December 19, 2011 authorised this Fresh Issue, subject to the approval of the shareholders of our Company under Section 81(1A) of the Companies Act;

2. The shareholders of our Company have authorised this Fresh Issue by their extra-ordinary resolution passed pursuant to Section 81(1A) of the Companies Act, at its EGM held on December 23, 2011 and authorised the Board to take decisions in relation to this Issue;

3. In-principle approval from the NSE dated [●];

4. In-principle approval from the BSE dated [●]; and

5. The Selling Shareholder has obtained approval for the Offer for Sale pursuant to its board resolution dated December 19, 2011.

B. Approvals relating to our business and operations

General Approvals

1. Fresh certificate of incorporation consequent upon change of name on conversion to public limited company, issued by the Registrar of Companies, Maharashtra, by its certificate dated September 23, 2010, pursuant to the change in name of our Company from Tara Jewels Private Limited to Tara Jewels Limited.

2. Corporate Identification Number: U52393MH2001PLC131252

Business Approvals

1. Our Company has received the following significant approvals pertaining to our business:

S. No.	Approval	Authority	Reference / Registration Number	Date	Expiry Date
1.	Approval for continuation of SEZ project for manufacture and export plain jewellery made of gold/silver/platinum or any combination thereof, studded jewellery made of gold/silver/platinum or any combination thereof, stainless steel jewellery studded with diamonds and precious stones only, medallions and coins made of precious metals (excluding coins of the nature of legal tender) and jewellery made of non precious metal studded with diamonds and precious stones only; for a period of 5 years	Assistant Development Commissioner, Office of Development Commissioner, SEEPZ SEZ	SEEPZ/SEZ/NUS/APL/GJ/255/2001-Vol-II/6379	August 27, 2008	March 31, 2013

S. No.	Approval	Authority	Reference / Registration Number	Date	Expiry Date
	from 2008-09 to 2012-13				
2.	Certificate of Importer-Exporter Code	Foreign Trade Development Officer, Office of Joint Director General of Foreign Trade, Ministry of Commerce and Industry, Government of India	0301021767	July 23, 2001	-
3.	Certificate of registration	The Gems and Jewellery Export Promotion Council	GJEPC/HO-MUM (M)/G17883/OM/VII	July 7, 2011	March 31, 2012
4.	License under Section 394 of the Mumbai Municipal Corporation Act, 1888 in respect of Plot Number 29(P) and 30(P), Sub Plot A, SEEPZ, SEZ, Andheri (East), Mumbai for refining of precious metals or recovering (a) casting metal by mechanical power on an area of 58.57 square metres; (b) rubber or rubber goods; and (c) wax or wax products or paraffin wax or pe	Senior Inspector, License KE Ward, Municipal Corporation of Greater Mumbai	871006242	January 1, 2010	December 31, 2012
5.	Permission under Section 390 and 479 of the Mumbai Municipal Corporation Act, 1888 to establish and to work a factory in respect of Plot Number 29(P) and 30(P), Sub Plot A, SEEPZ, SEZ, Andheri (East), Mumbai	Assistant Commissioner, KE Ward, Municipal Corporation of Greater Mumbai	786130297	April 1, 2011	March 31, 2013
6.	Consent to operate under Section 26 of the Water (Prevention and Control of Pollution) Act, 1974 and under Section 21 of the Air (Prevention and Control of Pollution) Act,1982 and authorization under Rule 5 of the Hazardous Wastes (Management & Handling) Rules, 1989 in respect of Plot Number 29(P) and 30(P), Sub Plot A, SEEPZ, SEZ, Andheri (East), Mumbai for manufacture of gold and diamond studded jewellery (without electroplating activity)	Regional Officer, Maharashtra Pollution Control Board	BO/ROM/CC-122	September 27, 2007	March 31, 2017
7.	Star Trading House under Foreign Trade Policy 2009-2014	Zonal Joint Director General of Foreign Trade	Status Holder No. 03/17/ZD-0077/101109	November 9, 2010	March 31, 2014
8.	Nominated agency under Para 4A.4 of the Foreign Trade Policy (RE 2008) for purpose of direct import of precious metal	Zonal Joint Director General of Foreign Trade	03/93/105/0099/AM10/D ES XIII	December 22, 2010	March 31, 2012
9.	Certificate of Registration under the Bombay Shops and Establishment Act, 1948 in	Inspector under the Bombay Shops and Establishment Act,	760140574/Commercial II	May 3, 2010	December 31, 2012

S. No.	Approval	Authority	Reference / Registration Number	Date	Expiry Date
	respect of Plot Number 122, Road no. 15, MIDC, Andheri (East), Mumbai	1948			
10.	Certificate of Registration under the Bombay Shops and Establishment Act, 1948 in respect of Plot Number 15, Jai Hind Colony, opposite Titan showroom, Nirala Bazar, Aurangabad	Inspector under the Bombay Shops and Establishment Act, 1948	245/64938/2010	July 31, 2010	December 31, 2011
11.	Certificate of Registration under the Bombay Shops and Establishment Act, 1948 in respect of Shop Number 4, 21/4B Bund Garden Road, Pune	Inspector under the Bombay Shops and Establishment Act, 1948	Station/I/4480	March 26, 2010	December 31, 2012
12.	Certificate of Registration under the Bombay Shops and Establishment Act, 1948 in respect of Shop Number 21, Grain Merchants CHS Limited, Plot Number 26 & 35, Sector 17, Vashi, Navi Mumbai	Inspector under the Bombay Shops and Establishment Act, 1948	S-29180	July 6, 2010	December 31, 2011
13.	Certificate of Registration under the Bombay Shops and Establishment Act, 1948 in respect of Niharika Shopping Centre, near Hiranandani Meadows, Pokharan Road Number 2, Vasant Vihar, Thane	Inspector under the Bombay Shops and Establishment Act, 1948	C.E.-35612	August 9, 2010	December 31, 2012
14.	Certificate of Registration under the Bombay Shops and Establishment Act, 1948 in respect of 712, Narayan Peth, Laxmi Road, Pune	Inspector under the Bombay Shops and Establishment Act, 1948	I/3618	August 4, 2010	December 31, 2012
15.	Certificate of Registration under the Bombay Shops and Establishment Act, 1948 in respect of Sofine Color Lab, Varadmurti Building, HPT College Road, Nashik	Inspector under the Bombay Shops and Establishment Act, 1948	Part I/2950/Gangapur Road and 295019 (College Road) 2010	July 6, 2010	December 31, 2013
16.	Certificate of Registration under the Bombay Shops and Establishment Act, 1948 in respect of Shop Number 9, Shangrilla Apartment, Gulmohar Cross Road, Borivalli (West), Mumbai	Senior Inspector under the Bombay Shops and Establishment Act, 1948	760153768/Shop I	August 31, 2010	December 31, 2011
17.	Certificate of Registration under the Madhya Pradesh Shops and Establishment Act, 1958 in respect of U.G 2-3, Prosperity, 112 Diamond Colony, Indore	Inspector under the Madhya Pradesh Shops and Establishment Act, 1958	14535/IND/S/2010	August 20, 2010	December 31, 2014
18.	Certificate of Registration under the Delhi Shops and Establishment Act, 1954 in respect of H-16, Main Market, Rajouri Garden, New Delhi	Department of Labour, Government of National Capital, Territory of Delhi	2011000563	January 6, 2011	-
19.	Certificate of Registration under the Delhi Shops &	Department of Labour,	2011000580	January 6, 2011	-

S. No.	Approval	Authority	Reference / Registration Number	Date	Expiry Date
	Establishments Act, 1954 in respect of Tara Jewels Limited, 34, Nishant Kunj, Pitam Pura, New Delhi	Government of National Capital, Territory of Delhi			
20.	Certificate of Registration under the Bombay Shops and Establishment Act, 1948 in respect of Plot No. 569(III), Opposite Acharya Garden, V.N Purav Marg, Chembur, Mumbai	Inspector under the Bombay Shops and Establishment Act, 1948	760160503/Shop I	September 30, 2010	December 31, 2011
21.	Certificate of Registration under the Goa, Daman and Diu Shops and Establishments Rules 1975 in respect of Shop Number 8 & 9, Sujay Apartments, 18th June Road, Near HDFC Bank, Panaji, Goa	Labour Inspector, Panaji	S/I/Y2K/1060	December 24, 2010	December 31, 2011
22.	Certificate of Registration under the Delhi Shops & Establishments Act, 1954 in respect of I A/59b, First Floor, Lajpat Nagar, New Delhi	Department of Labour, Government of National Capital, Territory of Delhi	2011000573	January 6, 2011	-
23.	Certificate of Registration under the Delhi Shops & Establishments Act, 1954 in respect of Shop No. 9/2705, Bank Street, Karol Bagh, New Delhi	Department of Labour, Government of National Capital, Territory of Delhi	2011000562	January 6, 2011	-
24.	Certificate of Registration under the Delhi Shops & Establishments Act, 1954 in respect of 10, Bharti Art Colony, Vikas Marg, Preet Vihar, New Delhi	Department of Labour, Government of National Capital, Territory of Delhi	2011000577	January 6, 2011	-
25.	Certificate of Registration under the Madhya Pradesh Shops and Establishment Act, 1958 in respect of Prakash Tower 14, Malviya Nagar, Raj Bhavan Road, Bhopal	Inspector under the Madhya Pradesh Shops and Establishment Act, 1958	55087/BPL/CE/10	August 14, 2010	December 31, 2014
26.	Certificate of Registration under the Bombay Shops & Establishments Act, 1948 in respect of 13 B/ TP-5, Plot No. 129, Ground Floor, G-3, Union Square Ghoddod Road, Athava, Surat	Shops and Establishment Inspector, Surat Municipal Corporation	SWZ/S/ATHAVA 606422	January 6, 2011	December 31, 2011
27.	Application for Showroom License in respect of GF-2, Olive Arcade, Shop No. 2, Opposite Samurda Annexure, C.G. Road, Ahmedabad	Ahmedabad Municipal Corporation	PII/EL/03/0000602	May 16, 2011	December 31, 2011
28.	Certificate of Registration under the Bombay Shops & Establishments Act, 1948 in respect of Shop No. 3781 C, Manik Chowk, Ahmednagar	Shop Inspector under the Bombay Shops and Establishment Act, 1948	Shop-23561	December 31,2010	December 31, 2013
29.	Certificate of Registration under the Bombay Shops &	Inspector under Bombay Shops and	I-5515/11	January 25, 2011	December 31, 2011

S. No.	Approval	Authority	Reference / Registration Number	Date	Expiry Date
	Establishments Act, 163/6 Railway Line, Solapur	Establishment Act, 1948			
30.	Certificate of Registration under the Bombay Shops & Establishments Act, 1948 in respect of Ground Floor, Foram Complex, Next to Only Paratha, Jetalpur, Race Course Road, Vadodara	Inspector under Bombay Shops and Establishment Act, 1948	B-26/15892	January 20, 2011	December 31, 2013
31.	Certificate of Registration under the Bombay Shop & Establishment Act 1948 in respect of 281, Navi Peth, Hotel Acharya, Towerchowk, Jalgaon	Shop Inspector under Bombay Shops and Establishment Act, 1948	1/28806	January 18, 2011	December 31, 2013
32.	Certificate of Registration under the Madhya Pradesh Shops and Establishment Act, 1958 in respect of Main Road, Gorakhpur Road, Jabalpur	Shop Inspector under the Madhya Pradesh Shops and Establishment Act, 1958	45129/JBP/S/2010	December 2, 2010	December 31, 2014
33.	Certificate of Registration under the Bombay Shop & Establishment Act 1948 in respect of Mani Chowk, Ground Floor, Shop No. 3,4,5, Dr. Yagnik Road, Rajkot	Inspector under Bombay Shops and Establishment Act, 1948	60538	January 10, 2011	December 31, 2015
34.	Certificate of Registration under the Bombay Shop & Establishment Act 1948 in respect of Ward No. 1741, A/B Raja Rampuri, 5th Lane, Kolhapur	Shop Inspector under Bombay Shops and Establishment Act, 1948	15508(1)E	January 10, 2011	December 31, 2011
35.	Certificate of Registration under the Bombay Shops & Establishments Act, 1948 in respect of Ground Floor, Queen Palacechs, Waterfield Road, Bandra-West, Mumbai	Shop Inspector under Bombay Shops and Establishment Act, 1948	760171073/Commercial II	January 12, 2011	December 31, 2011
36.	Certificate of Registration under the Bombay Shops & Establishments Act, 1948 in respect of Building No.1-A, 1-B, Ground Floor, Poonam Chambers, Chindwada Road, Nagpur	Inspector under Bombay Shops and Establishment Act, 1948	I-77-1033	May 10, 2011	December 31, 2011
37.	Certificate of Registration under Goa, Daman and Diu Shops and Establishments Act, 1973 in respect of Shop No. 5, Bemuinda Appartment, E-Baptista Road, Pajifond, Margao, Goa	Chief Officer, Margao Municipal Council	T/O/5351	August 8, 2011	March 31, 2012

Pending applications

Our Company has made the following applications to governmental or regulatory authorities:

S. No.	Application	Authority	Application Number	Date of Application
1.	Application under the Bombay Shops &	Deputy Commissioner	-	May 4, 2011

S. No.	Application	Authority	Application Number	Date of Application
	Establishments Act, 1948 for exemption for maintenance of statutory records/registers in electronic form in respect of Plot Number 122, Road no. 15, MIDC, Andheri (East), Mumbai	of Labour		
2.	Application for exemption under Sections 13(1), 18(1) and 33(3) of the Bombay Shops & Establishments Act, 1948 in respect of stores at Mumbai (Andheri), Mumbai (Bandra), Mumbai (Borivalli), Mumbai (Chembur), Thane, Vashi, Pune (Laxmi Road), Pune (Bund Garden), Nashik, Aurangabad, Nagpur, Kolhapur, Jalgaon, Solapur and Ahmednagar	The Secretary, Ministry of Industries , Labour & Energy	-	August 2, 2011
3.	Application for permission to run the retail stores for 365 days in a year in respect of retail stores at Surat, Rajkot, Baroda and Ahmedabad	The Secretary, Labour & Employment Department	-	June 14, 2011
4.	Application under Section 61(4) of the Goa, Daman and Diu Shops and Establishments Act, 1973 in respect of retail stores at Panaji and Margao	Labour Commissioner, Government of Goa	-	June 1, 2011
5.	Application for exemption from provisions of the Shops & Establishments Act, 1954 in respect of retail stores at Rajouri Garden, Pitampura, Karol Bagh, Preet Vihar and Lajpat Nagar	Labour Commissioner, Government of NCT of Delhi	-	May 10, 2011

3. Taxation related registrations

Our Company has received the following significant taxation related registrations:

S. No.	Approval Granted	Authority	Reference / Registration Number	Date Granted	Validity
1.	Permanent Account Number (PAN)	Income Tax Department, Government of India	AABCT3846M	March 16, 2001	-
2.	Tax Deduction Account Number	Income Tax Department	MUMT07364A	June 17, 2009	-
3.	Certificate of registration under Section 5(1) of the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975	Profession Officer, Registration Branch, Mumbai	1/1/29/18/6853	June 17, 2003	-
4.	Tax Identification Number (TIN) (Central) under Section 7(1)/7(2) of the Central Sales Tax Act, 1956	Registration Officer, Sales Tax Department, Maharashtra	27860253712C	April 1, 2006	-
5.	VAT Tax Identification Number under Section 16 of the Maharashtra Value Added Tax Act, 2002	Registration Officer, Sales Tax Department, Maharashtra	27860253712V	April 1, 2006	-

4. Intellectual property approvals

a) Trademarks

The following trademarks have been registered with the Registrar of Trade Marks in India in the name of our Company:

Sr. No.	Trade Mark	Class	Product	Trade Mark Number	Date of Registration	Validity
1.	The Make Your Wish (MYW) Collection	14	Goods made from precious and semi precious metals studded with and without – precious and semi precious stones jewellery ornaments included in class 14	1230397	March 24, 2006	September 1, 2013
2.	Star Device with 'U' in inset	14	Diamonds, cut and polished diamonds of different shapes and sizes and colours, gold and diamond studded jewellery of kinds, platinum and their alloys, precious and semi-precious stones all being goods included in class 14	1214459	September 1, 2005	July 14, 2013
3.	Star Device with 'T' in inset	14	Diamonds, cut and polished diamonds of different shapes and sizes and colours, gold and diamond studded jewellery of kinds, platinum and their alloys, precious and semi-precious stones included in class 14	1214458	December 2, 2005	July 14, 2013
4.	Star Device with '2' in inset	14	Diamonds, cut and polished diamonds of different shapes and sizes and colours, gold and diamond studded jewellery of all kinds, platinum and their alloys, precious and semi-precious stones included in class 14	1214456	September 1, 2005	July 14, 2013
5.	Tara Group- Made in India Label	14	Diamonds, cut and polished diamonds of different shapes and sizes and colours, gold and diamond studded jewellery of all kinds, platinum and their alloys, precious and semi-precious stones included in class 14	1298313	August 14, 2007	July 25, 2014
6.	Tara Label- English and Hindi	35	Wholesale and retail services relating to distribution through sale and/or purchase of diamonds, gold, silver, platinum, precious and semi-precious stones, diamond studded lifestyle products including mobile phones and watches through a retail outlet, departmental store or shopping mall including providing of import and export of the said products included in class 35	1400032	February 21, 2008	November 17, 2015
7.	www.tarasms.com	38	Services offered by use of telecommunication devices (like computer) for the transmission of messages and images relating to purchase and sale of jewellery and gem stones, providing access to digital jewellery website on the	1400034	February 21, 2008	November 17, 2015

Sr. No.	Trade Mark	Class	Product	Trade Mark Number	Date of Registration	Validity
			internet, consultancy and information and advisory services in relation to the aforesaid services, telemarketing toll-free customer care management included in class 38			
8.	Tara- Asli Heera, Asli Daam	14	Diamonds, cut and polished diamonds of different shapes and sizes and colours, gold and diamond studded jewellery of all kinds, platinum and their alloys, precious and semi-precious stones included in class 14	1400035	March 25, 2008	November 17, 2015
9.	Aarti Label- Sport your Mettle	14	Jewellery and imitation jewellery included in class 14	1376136	January 10, 2008	August 7, 2015
10.	Tara Label- English and Hindi	14	Diamonds, cut and polished diamonds of different shapes and sizes and colours, gold and diamond studded jewellery of all kinds, platinum and their alloys, precious and semi-precious stones included in class 14	1400036	March 25, 2008	November 17, 2015
11.	Tara (logo)	35	Wholesale and retail services relating to distribution through sale and/or purchase of diamonds, gold, silver, platinum, precious and semi-precious stones, diamond studded lifestyle products including mobile phones and watches through a retail outlet, departmental store or shopping mall including providing of import and export of the said products included in class 35	1400031	February 21, 2008	November 17, 2015
12.	Tara- Start Living Your Dreams	35	Wholesale and retail services relating to distribution through sale and/or purchase of diamonds, gold, silver, platinum, precious and semi-precious stones, diamond studded – lifestyle products including mobile phones and watches through a retail outlet, departmental store or shopping mall including providing of import and export of the said products included in class 35	1459235	October 8, 2008	June 12, 2016
13.	Tara- Start Living Your Dreams	14	Diamonds, cut and polished diamonds of different shapes and sizes and colours, gold and diamond studded jewellery of all kinds, platinum and their alloys, precious and semi-precious stones all being goods included in class 14	1459234	October 8, 2008	June 12, 2016
14.	D'lite	20	Jewellery box	1338916	November 7, 2006	February 15, 2015
15.	FTI (Word)	14	Diamonds, cut and polished	1716310	November 10,	July 29, 2018

Sr. No.	Trade Mark	Class	Product	Trade Mark Number	Date of Registration	Validity
			diamonds of different shapes and sizes and colours, gold and diamond studded jewellery of all kinds, platinum and their alloys, precious and semi-precious stones all being goods included in class 14		2009	
16.	Diamond Duets	14	Jewellery included in class 14	1444108	March 24, 2010	April 11, 2016
17.	Cradle of Love	14	Jewellery included in class 14	1444109	March 31, 2010	April 11, 2016
18.	TU with device of Star	14	Diamonds, cut and polished diamonds of different shapes and sizes and colours, gold and diamond studded jewellery of all kinds, platinum and their alloys, precious and semi-precious stones all being goods included in class 14	1647706	March 29, 2010	January 28, 2018

We have the certificates of registration for the following names and marks in other jurisdictions:

Sr. No.	Trade Mark	Country	Class	Product	Trade Mark Number	Date of Application	Validity
1.	TU with device of Star	Japan	14	Diamond, gold and diamond studded jewellery, platinum and platinum alloy, precious stone and semi-precious stone	5265516	September 11, 2009	July 27, 2018
2.	TU with device of Star	Australia	14	Diamonds, cut and polished diamonds of different shapes and sizes and colours, gold and diamond studded jewellery of all kinds, platinum and their alloys, precious and semi-precious stones all being goods included in class 14	1250525	February 16, 2009	July 8, 2018
3.	TU with device of Star	European Union	14	Diamonds, cut and polished diamonds of different shapes and sizes and colours, gold and diamond studded jewellery of all kinds, platinum and their alloys, precious and semi-precious stones all being goods included in class 14	007060247	April 21, 2009	July 10, 2018
4.	TU and star design – The mark consists of a five-pointed star with the letters “TU” in the centre	United States of America	14	Jewellery	3551546	December 23, 2008	December 22, 2014
5.	H2H and design	United Kingdom	14	Diamonds, precious and semi-precious stones, and goods made from such goods (not included in other classes) jewellery; necklaces; earrings; brooches	2505627	December 30, 2008	December 29, 2018

Sr. No.	Trade Mark	Country	Class	Product	Trade Mark Number	Date of Application	Validity
				and rings; goods made from precious metals			
6.	F and a five pointed star design	United States of America	14	Jewellery	3585595	March 10, 2009	March 9, 2015
7.	Satya	United Kingdom	14	Jewellery	2542971	July 2, 2010	March 24, 2020
8.	TU with device of Star	China	14	Diamonds, cut and polished diamonds of different shapes and sizes and colours, gold and diamond studded jewellery of all kinds, platinum (metal) and their alloys, precious and semi-precious stones	6835224	April 14, 2010	April 13, 2020
9.	Sattva	United Kingdom	14	Diamonds, precious and semi-precious stones, and goods made from such goods; jewellery; necklaces, earrings, brooches and rings; goods made from precious metals	2545753	July 30, 2010	April 22, 2020
10.	Honeydium	European Union	14	Precious metals and their alloys and goods in precious metals or coated therwith, not included in other classes; precious stones, horological and chronometric instruments; jewellery; including precious metals and their alloys	009137738	May 28, 2010	May 27, 2020
11.	Honeydium	European Union	35	Advertising; business management; business administration; office functions	009137738	May 28, 2010	May 28, 2020
12.	Candy Hearts and design	European Union	14	Diamonds, precious and semi-precious stones, and goods made from such goods; jewellery; necklaces, earrings, brooches and rings; goods made from precious metals or coated therwith	009220484	December 17, 2010	July 2, 2020
13.	Candy Hearts and design	European Union	16	Paper, cardboard and goods made from these materials, not included in other classes; printed matter; bookbinding material; photographs; stationery; adhesives for stationery or household purposes; artists' materials; paint brushes; typewriters and office requisites (except furniture); instructional and teaching material (except apparatus); plastic materials for packaging (not included in other classes); printer's type; printing blocks; brochures; manuals; printed publications; printed advertising and publicity materials	009220484	December 17	July 2, 2020
14.	Candy Hearts and	European Union	35	Advertising; business management; business	009220484	December 17, 2010	July 2, 2020

Sr. No.	Trade Mark	Country	Class	Product	Trade Mark Number	Date of Application	Validity
	design			administration; office functions; retail; mail order and internet store services in the field of jewellery and goods of precious metals or coated therewith			

Pending Applications

We have filed the following applications with the Registrar of Trade Marks in India, for grant of certificates of registration for the following names and marks:

Sr. No.	Trade Mark	Class	Product	Provisional Registration Number/ Application Number	Date of Application
1.	MBOSS	14	All type of jewellery and imitation jewellery included in class 14	1376137	August 8, 2005
2.	TARA Jewels	14	Diamonds, cut and polished diamonds of different shapes and sizes and colours, gold and diamond studded jewellery of all kinds, platinum and their alloys, precious and semi-precious stones	1975531	June 4, 2010
3.	TARA Jewels	35	Wholesale and retail services relating to distribution through sale/purchase of diamonds, cut and polished diamonds of different shapes and sizes and colours, gold, diamond studded jewellery of all kinds, platinum and their alloys, precious and semi-precious stones sold through a retail outlet, departmental store or shopping mall including import/export of the said products	1975532	June 4, 2010
4.	Tara (Word)	35	Wholesale and retail services relating to distribution through sale/purchase of diamonds, gold, silver, platinum, precious/semi-precious stones, diamond studded lifestyle products including mobile phones and watches through a retail outlet, departmental store or shopping mall including providing of import and export services of the said products included in class 35	1400033	November 18, 2005
5.	COG Wheel Geometric Device (logo)	14	Diamonds, cut and polished diamonds of different shapes and sizes and colours, gold and diamond studded jewellery of all kinds, platinum and their alloys, precious and semi-precious stones included in class 14	1400037	November 18, 2005
6.	Smart Gold	35	Wholesale and retail services relating to distribution through sale and/or purchase of diamonds, cut and polished diamonds of different shapes and sizes and colours, gold and diamond studded jewellery of all kinds, platinum and their alloys, precious and semi-precious stones sold through a retail outlet, departmental store or shopping mall	1771544	January 6, 2009

Sr. No.	Trade Mark	Class	Product	Provisional Registration Number/ Application Number	Date of Application
			including import and export of the said products being services included in class 35		
7.	Smart Gold	16	Paper and paper articles, books, stickers, labels, banners, letter heads, visiting cards, glow signs, sign boards, literatures, brochures, written advertisement materials, publications, periodicals, magazines, pamphlets, folder, printed matter and all kinds of stationery included in class 16	1771543	January 6, 2009
8.	Smart Gold	14	Diamonds, cut and polished diamonds of different shapes and sizes and colours, gold and diamond studded jewellery of all kinds, platinum and their alloys, precious and semi-precious stones included in class 14	1771542	January 6, 2009
9.	Geometrical Device Logo (label)	14	Diamonds, cut and polished diamonds of different shapes and sizes and colours, gold and diamond studded jewellery of all kinds, platinum and their alloys, precious and semi-precious stones included in class 14	1298314	July 26, 2004
10.	Tara Jewellers (word)	14	Diamonds, cut and polished diamonds of different shapes and sizes and colours, gold and diamond studded jewellery of all kinds, platinum and their alloys, precious and semi-precious stones all being goods included in class 14	2028184	September 24, 2010
11.	Tara Jewellers (word)	35	Wholesale and retail services relating to distribution through sale and/or purchase of diamonds, cut and polished diamonds of different shapes and sizes and colours, gold and diamond studded jewellery of all kinds, platinum and their alloys, precious and semi-precious stones sold through a retail outlet, departmental store or shopping mall including import and export of the said products being services included in class 35	2028183	September 24, 2010
12.	Tara with device (black label)	14	Diamonds, cut and polished diamonds of different shapes and sizes and colours, gold and diamond studded jewellery of all kinds, platinum and their alloys, precious and semi-precious stones all being goods included in class 14	2028181	September 24, 2010
13.	Tara with device (black label)	16	Paper and paper articles, books, stickers, labels, banners, letter heads, visiting cards, glow signs, sign boards, literatures, brochures, written advertisement materials, publications, periodicals, magazines, pamphlets, folder, printed matter and all kinds of stationery included in class 16	2028182	September 24, 2010
14.	Tara with device (grey	14	Diamonds, cut and polished diamonds of different shapes and sizes and colours,	2028179	September 24, 2010

Sr. No.	Trade Mark	Class	Product	Provisional Registration Number/ Application Number	Date of Application
	label)		gold and diamond studded jewellery of all kinds, platinum and their alloys, precious and semi-precious stones all being goods included in class 14		
15.	Tara with device (grey label)	38	Services relating to and through the use of telecommunication; transmission of data through wireless fidelity, mobile phones, computer aided transmission of messages and images, satellite communication services, provision of telecommunication access to signal coding and decoding apparatus, consultancy and information and advisory services in relation to the aforesaid services, providing for telecom systems integration; telemarketing; toll-free customer care management being services included in class 38	2028180	September 24, 2010
16.	Tara Jewellers with device	14	Diamonds, cut and polished diamonds of different shapes and sizes and colours, gold and diamond studded jewellery of all kinds, platinum and their alloys, precious and semi precious stones all being goods	2053076	November 12, 2010
17.	Tara Jewellers with device	16	Paper and paper articles, books, stickers, labels, banners, letter heads, visiting cards, glow signs, sign boards, literatures, brochures, written advertisement materials, publications, periodicals, magazines, pamphlets, folder, printed matter and all kinds of stationery	2053077	November 12, 2010
18.	Tara Jewellers with device	35	Wholesale and retail services relating to distribution through sale and /or purchase of diamonds, cut and polished diamonds of different shapes and sizes and colours, gold and diamond studded jewellery of all kinds, platinum and their alloys, precious and semi precious stones sold through a retail outlet, departmental store or shopping mall including import and export of the said products	2053078	November 12, 2010
19.	Tara Jewellers You Deserve Diamonds	14	Diamonds, cut and polished diamonds of different shapes and sizes and colours, gold and diamond studded jewellery of all kinds, platinum and their alloys, precious and semi precious stones all being goods included in class 14	2182752	July 29, 2011
20.	Tara Jewellers You Deserve Diamonds	16	Paper and paper articles, books, stickers, labels, banners, letter heads, visiting cards, literatures, brochures, written advertisement materials, publications, periodicals, magazines, pamphlets, folder, printed matter and stationery included in class 16	2182753	July 29, 2011
21.	Tara Jewellers	35	Wholesale and retail services relating to	2182757	July 29, 2011

Sr. No.	Trade Mark	Class	Product	Provisional Registration Number/ Application Number	Date of Application
	You Deserve Diamonds		distribution through sale and /or purchase of diamonds, cut and polished diamonds of different shapes and sizes and colours, gold and diamond studded jewellery of all kinds, platinum and their alloys, precious and semi precious stones sold through a retail outlet, departmental store or shopping mall including import and export of the said products being services included in class 35		
22.	Jewels of Tara (word)	28	Games, board games, games and play things, gymnastics and sporting articles and goods (except clothing), ornaments and decorations for christmas trees being goods included in class 28	2231644	November 9, 2011

We have filed the following applications in other jurisdictions, for grant of certificates of registration of the following names and marks:

Sr. No.	Trade Mark	Country	Class	Product	Application Number/Serial Number	Date of Application
1.	Aqua – Wear your freedom	United States of America	14	Jewellery	85047358	May 25, 2010
2.	Lumaura	United States of America	14	Jewellery	85050340	May 28, 2010
3.	Honeydium	United States of America	14	Jewellery, precious metals and their alloys	85047339	May 25, 2010
4.	Rosedium (stylized)	United States of America	14	Jewellery, precious metals and their alloys	85/249636	February 23, 2011

b) **Designs**

The following designs have been registered with the Controller General of Patents, Designs and Trademarks, Government of India, in the name of our Company:

Sr. No.	Design	Class	Design Number	Date of Registration	Validity
1.	Ring	11-01	205160	January 25, 2007	July 12, 2016
2.	Ring	11-01	205159	January 25, 2007	July 12, 2016
3.	Ring	11-01	205158	January 25, 2007	July 12, 2016
4.	Pendant	11-01	204500	November 13, 2006	June 4, 2016
5.	Pendant	11-01	204501	November 13, 2006	June 4, 2016
6.	Pendant	11-01	212182	March 19, 2008	September 4, 2017
7.	Ring	11-01	196854	February 21, 2006	July 31, 2014
8.	Box	09-03	198696	August 19, 2005	March 2, 2015
9.	Ring	11-01	192973	March 1, 2004	August 21, 2013
10.	Ring	11-01	192612	January 14, 2004	July 17, 2013
11.	Pendant	11-01	192519	February 9, 2004	July 3, 2013
12.	Ring (Finger)	11-01	192518	March 22, 2004	July 3, 2013
13.	Ring	11-01	192517	March 22, 2004	July 3, 2013

Pending Applications

We have filed the following applications with the Office of Controller General of Patents, Designs and Trademarks for grant of certificates of registration of the following designs:

Sr. No.	Design	Application Number	Date of Application
1.	Ring	239625	September 21, 2011

c) Patents

The following patents have been registered with the Registrar of Patents in India, in the name of our Company:

Sr. No.	Patent	Registration Number	Date of Registration	Validity
1.	A modern work bench with turn table and production of jewellery using the same	239495	March 23, 2010	July 29, 2014

Pending Applications

We have filed the following applications with the Registrar of Patents in India, for grant of certificates of registration of the following names:

Sr. No.	Patent	Application Number	Date of Application
1.	Ring resizable without allowing the diamonds/stones thereon falling off and the method of resizing the same	223/MUM/2009	February 4, 2009
2.	Method of invisible setting of stones on casted mountings for fashion pieces and jewellery	227/MUM/2005	March 1, 2005
3.	Method of cutting miracle plates (bright cut plates) and setting diamonds therein using the push set method for use on casted mountings of fashion pieces and jewellery	3119/MUM/2010	November 15, 2010

Trademarks of our Subsidiary, Fabrikant-Tara International LLC

The following trademarks have been registered in the name of Fabrikant-Tara International LLC:

Sr. No.	Trade Mark	Country	Class	Product	Trade Mark Number	Date of Registration	Validity
1.	The mark consists of two interlocking squares with rounded corners	United States of America	14	Jewellery	3404831	April 1, 2008	April 1, 2018
2.	Heart 2 Heart and design	United States of America	14	Jewellery namely, pendants and rings	3809842	June 29, 2010	June 29, 2020
3.	Heart 2 Heart and design	United States of America	14	Jewellery	2898704	November 2, 2004	November 2, 2014

Sr. No.	Trade Mark	Country	Class	Product	Trade Mark Number	Date of Registration	Validity
4.	FTI	United States of America	14	Jewellery	3920184	February 15, 2011	February 15, 2021
5.	Cherished Hearts	United States of America	14	Jewellery	3945047	April 12, 2011	April 12, 2021

Pending Applications

The following applications are pending before the Registrar of Trade Marks in India, for grant of certificates of registration for the following names and marks:

Sr. No.	Trade Mark	Class	Product	Provisional Registration Number/ Application Number	Date of Application
1.	More than 100 ways to say I Love You	14	Diamonds, cut and polished diamonds of different shapes and sizes and colours, gold and diamond studded jewellery of all kinds, platinum and their alloys, precious and semi-precious stones all being goods included in class 14	1777109	January 22, 2009
2.	Facets of Love	14	Diamonds, cut and polished diamonds of different shapes and sizes and colours, gold and diamond studded jewellery of all kinds, platinum and their alloys, precious and semi-precious stones all being goods included in class 14	1777108	January 22, 2009

The following applications have been filed in other jurisdictions, for grant of certificates of registration of the following names and marks:

Sr. No.	Trade Mark	Country	Class	Product	Provisional Registration Number/ Application Number	Date of Application
1.	The Bridal Boutique	United States of America	14	Jewellery	77923471	January 29, 2010
2.	Facets of Love	United States of America	14	Jewellery	77609113	November 6, 2008
3.	Hearts in Harmony	United States of America	14	Jewellery	85/269488	March 17, 2011
4.	Symphony of Love	United States of America	14	Jewellery	85/294936	April 14, 2011
5.	Symphony of Love and design	United States of America	14	Jewellery	85/322910	May 18, 2011
6.	Heart links and design	United States of America	14	Jewellery	85/323966	May 18, 2011
7.	Engraved masterpieces and design	United States of America	14	Jewellery	85/325122	May 19, 2011
8.	Aurello and design	United States of America	14	Jewellery	85/327499	May 23, 2011
9.	Platinesse	United States of America	14	Jewellery	85/334830	June 1, 2011

Sr. No.	Trade Mark	Country	Class	Product	Provisional Registration Number/ Application Number	Date of Application
10.	More Than 100 Ways of Saying I Love You	United States of America	14	Jewellery	85/342103	June 9, 2011
11.	Infinite Expressions	United States of America	14, 35	Jewellery	85/347077	June 15, 2011
12.	Infinite Inspirations	United States of America	14, 35	Jewellery	85/347093	June 15, 2011
13.	Heart 2 Heart and design	United States of America	14	Jewellery	85/350301	June 20, 2011
14.	Infinite Inspirations and design 1	United States of America	14	Jewellery	85/384588	July 29, 2011
15.	Infinite Inspirations and design 2	United States of America	14	Jewellery	85/384627	July 29, 2011
16.	Infinite Embrace	United States of America	14	Jewellery	85/412731	September 1, 2011

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for this Issue

Corporate Approvals

- Our Board has, pursuant to its resolution dated December 19, 2011 authorised this Fresh Issue, subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act.
- The shareholders of our Company have authorised this Fresh Issue by their extra-ordinary resolution passed pursuant to Section 81(1A) of the Companies Act, at its EGM held on December 23, 2011 and authorised the Board to take decisions in relation to this Issue.
- The Selling Shareholder has obtained approval for the Offer for Sale pursuant to its board resolution dated December 19, 2011.
- Our Board has approved the DRHP through its resolution dated December 30, 2011.

Prohibition by RBI

None of our Company, the Selling Shareholder, our Subsidiaries, our Directors, our Promoter, relatives of Promoter, our Promoter Group, and our Group Companies have been declared as wilful defaulters by the RBI or any other governmental authority. Further, 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.

Prohibition by SEBI or governmental authorities

We confirm that our Company, the Selling Shareholder, our Subsidiaries, Promoter, persons in control of our Promoters, Promoter Group, Directors or Group Companies have not been prohibited from accessing or operating in the capital markets under any order or direction passed by the SEBI. Further, the SEBI has not initiated any action against the entities associated with the securities market and with which our Directors are associated.

None of our Directors are associated with the securities market in any manner.

Eligibility for this Issue

Our Company is an unlisted company, complying with the conditions specified in Regulation 26(1) of the SEBI Regulations in the following manner:

- Our Company has net tangible assets of at least Rs. 30 million in each of the preceding three full years (of 12 months each), of which not more than 50% are held in monetary assets;
- Our Company has a track record of distributable profits in accordance with Section 205 of the Companies Act, on both stand-alone as well as consolidated basis for at least three out of the immediately preceding five years;
- Our Company has a net worth of at least Rs. 10 million in each of the three preceding full years (of 12 months each);
- The aggregate of the proposed Fresh Issue and all previous issues made in the same financial years in terms of the issue size is not expected to exceed five times the pre-Issue net worth of our Company; and
- Our Company has not changed its name in the last fiscal year.

Our Company's net profit, dividend, net worth, net tangible assets and monetary assets derived from its audited unconsolidated financial statements for Fiscal 2011, 2010, 2009, 2008 and 2007, are set forth below:

(*Rs. in million)*

Particulars	Fiscal 2011	Fiscal 2010	Fiscal 2009	Fiscal 2008	Fiscal 2007
Distributable Profits (unconsolidated) (1)	179.62	245.05	83.33	214.44	237.12
Distributable Profits (consolidated) (2)	190.69	241.12	84.59	N.A.	N.A.
Net Worth (3)	2,181.22	1,792.78	1,547.73	857.29	642.57

Particulars	Fiscal 2011	Fiscal 2010	Fiscal 2009	Fiscal 2008	Fiscal 2007
Net Tangible assets (4)	2,164.43	1,768.15	1,515.79	849.73	641.91
Monetary assets (5)	234.53	248.45	217.34	85.69	67.17
Monetary assets as a percentage of the net tangible assets	10.84 %	14.05 %	14.34 %	10.08 %	10.46 %

(1)'Distributable profits (unconsolidated)' have been defined in terms of Section 205 of the Companies Act, and have been derived based on restated profit after tax, exceptional items and SEZ allowance reserve for each of the financial years.
(2)'Distributable profits (consolidated)' have been defined in terms of Section 205 of the Companies Act and have been derived based on restated profit after tax, exceptional items, minority interest and SEZ allowance reserve for each of the financial years.
(3)'Net worth' has been defined as the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account.
(4)'Net tangible assets' has been defined as the sum of all net assets of the Company excluding intangible assets in terms of Accounting Standard 26 issued by the Institute of Chartered Accountants of India.
(5)'Monetary assets' comprise of cash and bank balances and public deposit accounts with the Government.

In accordance with Regulation 26(4) of the SEBI Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted shall not be less than 1,000; otherwise the entire application money will be refunded. In case of delay, if any, in refund our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

The Net Issue is being made for at least 25% of the fully diluted post-Issue paid up capital of our Company pursuant to Rule 19(2)(b)(i) of the SCRR read with Regulation 41(1) of the SEBI Regulations. Our Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI Regulations. Further, this Issue is being made through the Book Building Process wherein not more than 50% of the Net Issue shall be available for allocation to QIBs on a proportionate basis out of which 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received 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. Our Company and the Selling Shareholder may, in consultation with the BRLMs, allocate up to 30% of the QIB Portion to the Anchor Investors on a discretionary basis. 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 Anchor Investor Allocation Price. For further details, see section titled "*Issue Procedure*" on page 331.

Our Company is in compliance with the following conditions specified under Regulation 4(2) of the SEBI Regulations:

(a) Our Company, the Selling Shareholder, our Directors, our Promoter, the members of our Promoter Group, the persons in control of our Company and the companies with which our Directors, Promoter or persons in control are associated as directors or promoters or persons in control have not been prohibited from accessing or operating in the capital markets under any order or direction passed by SEBI;

(b) Our Company has applied to the NSE and the BSE for obtaining their in-principle listing approval for listing of the Equity Shares under this Issue through its applications dated [●] respectively and has received the in-principle approvals from the NSE and the BSE pursuant to their letters dated [●] and [●], respectively. For the purpose of this Issue, the BSE shall be the Designated Stock Exchange;

(c) Our Company has entered into agreements dated January 12, 2011, December 16, 2010 and December 29, 2011 with NSDL, CDSL and the Registrar to the Issue, respectively, for dematerialisation of the Equity Shares; and

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

We propose to meet our expenditure towards the objects of the Issue entirely out of the proceeds of the Issue

and hence, no amount is proposed to be raised through any other means of finance. Accordingly, Clause VII C of Part A of Schedule VIII of the SEBI Regulations (which requires firm arrangements of finance through verifiable means for 75% of the stated means of finance, excluding the amount to be raised through the proposed issue) does not apply. For further details in this regard, see section titled "*Objects of the Issue*" on page 77**.**

Disclaimer Clause of SEBI

AS REQUIRED, A COPY OF THIS DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BRLMS, ENAM SECURITIES PRIVATE LIMITED AND ICICI SECURITIES LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS, THE BRLMS, ENAM SECURITIES PRIVATE LIMITED AND ICICI SECURITIES LIMITED ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMS, ENAM SECURITIES PRIVATE LIMITED AND ICICI SECURITIES LIMITED, HAVE FURNISHED TO SEBI, DUE DILIGENCE CERTIFICATE DATED DECEMBER 30 WHICH READ AS FOLLOWS:

WE, THE LEAD MERCHANT BANKERS 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 THIS DRAFT RED HERRING PROSPECTUS ("DRHP") 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 SEBI 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 SEBI, THE GOVERNMENT OF INDIA AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

(C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.

3. **WE CONFIRM THAT ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE SEBI, AND THAT TILL DATE SUCH REGISTRATION IS VALID. THE SEBI REGISTRATION CERTIFICATE OF ENAM SECURITIES PRIVATE LIMITED, ONE OF THE BOOK RUNNING LEAD MANAGERS TO THE ISSUE AS MERCHANT BANKER HAS EXPIRED ON OCTOBER 15, 2011. AS REQUIRED UNDER REGULATION 9(1) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (MERCHANT BANKERS) REGULATIONS, 1992 AND IN COMPLIANCE WITH SEBI CIRCULAR NO. SEBI/MIRSD/DR-2/SRP/CIR-2/2005 DATED JANUARY 4, 2005, AN APPLICATION DATED JUNE 21, 2011 FOR RENEWAL OF THE SAID CERTIFICATE OF REGISTRATION, IN THE PRESCRIBED MANNER, WAS MADE ON JUNE 24, 2011 TO SEBI, THREE MONTHS BEFORE THE EXPIRY OF THE SAID CERTIFICATE OF REGISTRATION. THE APPROVAL OF SEBI IN THIS REGARD IS AWAITED AND NO COMMUNICATION HAS BEEN RECEIVED FROM SEBI UP TILL NOW.**

4. WHEN UNDERWRITTEN, WE WILL SATISFY OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS. - NOTED FOR COMPLIANCE

5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF HIS SECURITIES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN, SHALL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRHP WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS. .

6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTER'S 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 PROMOTER'S 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 SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – NOT APPLICABLE

8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS'

LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE 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 WILL BE MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THIS ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT TO BE ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE

10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THIS DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. – NOT APPLICABLE

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 THIS 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, PROMOTER'S 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 THIS DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

16. WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS BELOW (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR.

Enam Securities Private Limited

Sr No	Issue Name	Issue Size Rs. (Million)	Issue price (Rs)	Listing date	Opening price on listing date	Closing price on listing date	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing day	Benchmark index as on 10th calendar days from listing day (Closing)	Closing price as on 20th calendar day from listing day	Benchmark index as on 20th calendar days from listing day (Closing)	Closing price as on 30th calendar day from listing day	Benchmark index as on 30th calendar days from listing day (Closing)
1	TD Power Systems Ltd.	2,270.00	256	08-Sep-11	260	275.25	7.5%	5153.25	290.45	5084.25	260.75	4945.9	259.85	4888.05
2	Future Ventures India Ltd.	7,500.00	10	10-May-11	9	8.2	-18.0%	5541.25	8.3	5486.35	8.1	5473.1	9.3	5521.05
3	Punjab & Sind Bank	4,708.20	120	30-Dec-10	144	127.15	6.0%	6101.85	120.05	5904.6	119.75	5691.05	109.6	5512.15
4	A2Z Maintenance & Engineering Services Ltd.	7,762.47	400	23-Dec-10	500	328.55	-17.9%	5980	323.9	6134.5	304.25	5863.25	302.7	5696.5
5	Claris Lifesciences Ltd.#	3,000.00	228	20-Dec-10	224.4	205.85	-9.7°%	19888.88	204.85	20389.07	202.05	19691.81	185.35	18978.32
6	Coal India Ltd.	15,1994.40	245	04-Nov-10	291	342.55	39.8°%	6281.8	320.15	6071.65	310.8	5865.75	321.95	5992.8
7	Prestige estates projects ltd.	12,000.00	183	27-Oct-10	190	193.15	5.5%	6012.65	205.85	6312.45	187.85	5988.7	160.15	5751.95
8	Oberoi Realty Ltd.	10,286.12	260	20-Oct-10	271.1	282.9	8.8%	5982.1	279.05	6017.7	289.15	6301.55	262.35	5890.3
9	Ashoka Buildcon Ltd.	2,250.00	324	14-Oct-10	342	330.75	2.1%	6177.35	315.75	6066.05	306.7	6160.5	320.1	6071.65
10	Va Tech Wabag Ltd.	4,725.93	1310	13-Oct-10	1500	1707.95	30.4%	6233.9	1688.95	6066.05	1667.2	6119	1683.7	6071.65

All above data is of NSE (Website www.nseindia.com)
BSE Data www.bseindia.com (only ClarisLifesciences Limited as its not listed on NSE)
Benchmark Index considered above in all the cases was NIFTY
 # As Claris Lifesciences Ltd is listed only on BSE, the benchmark index considered is Sensex
Note: Wherever 10th, 20th, 30th trading day is a holiday, we have considered the closing data of the previous trading date / day

Financial Year	Total no. of IPOs	Total Funds Raised (Rs. MN.)	Nos. of IPOs trading at Discount on Listing Date			Nos. of IPOs trading at Premium on Listing Date			Nos. of IPOs trading at discount as on 30th calendar day from listing day			Nos. of IPOs trading at premium as on 30th calendar day from listing day		
			Over 50%	Between 25%-50%	Less than 25%	over 50%	Between 25%-50%	Less than 25%	over 50%	Between 25%-50%	Less than 25%	over 50%	Between 25%-50%	Less than 25%
FY2012	2	9,770.00	0	0	1	0	0	1	0	0	1	0	0	1
FY2011	15	240,256.11	0	0	6	0	3	6	0	1	9	0	2	3
FY2010	8	126,413.04	0	0	3	0	1	4	0	0	4	0	0	4

ICICI Securities Limited

Sr No.	Issue Name	Issue Size Rs. (MN.)	Issue Price (Rs.)	Listing Date	Opening Price on Listing Date	Closing Price on Listing Date	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing date	Benchmark index as on 10th calendar days from listing day (Closing)	Closing price as on 20th calendar day from listing date	Benchmark index as on 20th calendar days from listing day (Closing)	Closing price as on 30th calendar day from listing date	Benchmark index as on 30th calendar days from listing day (Closing)
1	Future Ventures India Ltd.	7,500.00	10	10-May-11	9.00	8.20	-18.00%	5541.25	8.30	5486.35	8.10	5,473.10	9.30	5521.05
2	Muthoot Finance Ltd.	9,012.50	175	6-May-11	196.60	175.90	0.51%	5551.45	160.50	5499.00	157.60	5,412.35	175.25	5532.05
3	PTC India Financial Services Ltd.	4,332.76	28	30-Mar-11	26.75	24.90	-11.07%	5787.65	23.40	5842.00	21.50	5,740.75	21.65	5749.50
4	Punjab & Sind Bank	4,708.20	120	30-Dec-10	144.00	127.15	5.96%	6101.85	120.05	5904.60	119.75	5,691.05	109.60	5512.15
5	A2Z Maintenance & Engineering Services Ltd.	7,762.47	400	23-Dec-10	500.00	328.55	-17.86%	5980.00	323.90	6134.50	304.25	5,863.25	302.70	5696.50
6	Claris Lifesciences Ltd.#	3,000.00	228	20-Dec-10	224.40	205.85	-9.71%	19888.88	204.85	20389.07	202.05	19,691.81	185.35	18978.32
7	Commercial Engineers & Body Builders Co.Ltd.	1,724.13	127	18-Oct-10	119.00	112.90	-11.10%	6075.95	108.10	5987.70	110.85	6,312.45	101.75	5988.70
8	Parabolic Drugs Ltd.	2,000.00	75	30-Jun-10	75.00	64.85	-13.53%	5251.40	60.15	5352.45	61.70	5,399.35	54.40	5367.60
9	Jaypee Infratech Ltd.	22,576.10	102	21-May-	98.00	91.45	-10.34%	4931.15	83.50	5086.30			85.75	5262.60

				10							77.00	5,078.60		
10	Nitesh Estates Ltd.	4,050.00	54	13-May-10	54.00	51.40	-4.81%	5178.90	37.95	4931.15	40.40	5,019.85	37.65	5119.35

All above data is of NSE (Website www.nseindia.com)
BSE Data www.bseindia.com (only Claris as its not listed on NSE)
Benchmark Index considered above in all the cases was NIFTY
 # As Claris is listed only on BSE, the benchmark index considered is SENSEX
Note: Wherever 10th, 20th, 30th trading day is a holiday, we have considered the closing data of the previous trading date / day

Financial Year	**Total No. of IPO's**	**Total Funds Raised (Rs. MN)**	**Nos. of IPOs trading at discount on listing date**			**No. of IPOs trading at premium on listing date**			**Nos. of IPOs trading at discount as on 30th calendar day from listing date**			**Nos. of IPOs trading at premium as on 30th calendar day from listing date**		
			Over 50%	**Between 25-50%**	**Less than 25%**	**Over 50%**	**Between 25-50%**	**Less than 25%**	**Over 50%**	**Between 25-50%**	**Less than 25%**	**Over 50%**	**Between 25-50%**	**Less than 25%**
2011-12	2	16,512.50	0	0	1	0	0	1	0	0	1	0	0	1
2010-11	9	53,863.81	0	1	6	0	0	2	1	2	6	0	0	0
2009-10	3	61,853.67	0	0	0	0	0	3	0	0	1	0	0	2

THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE OUR COMPANY AND THE SELLING SHAREHOLDER FROM ANY LIABILITIES UNDER SECTION 63 AND SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BRLMS, ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.

All legal requirements pertaining to this Issue will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 60B of the Companies Act. All legal requirements pertaining to this Issue will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 56, 60 and 60B of the Companies Act.

Disclaimer from our Company, our Directors, the Selling Shareholder and the Book Running Lead Managers

Our Company, our Directors, the Selling Shareholder, the BRLMs accept no responsibility for statements made otherwise than those contained in this Draft Red Herring Prospectus or in any advertisements or any other material issued by or at our Company's instance. Anyone placing reliance on any other source of information, including our Company's websites, www.tarajewels.in and www.tarajewellers.in, or the website of any of our Subsidiaries, our Promoter, Promoter Group, Group Company or of any affiliate or associate of our Company or Subsidiaries, would be doing so at his or her own risk.

Caution

The BRLMs accept no responsibility, save to the limited extent as provided in the Issue Agreement and the Underwriting Agreement to be entered into between the Underwriters, our Company, the Selling Shareholder and Registrar to the Issue.

All information shall be made available by our Company, the BRLMs to the public and investors at large and no selective or additional information would be made available for a section of investors in any manner whatsoever including at road show presentations, in research or sales reports, at Bidding Centres or elsewhere.

Neither our Company, nor the Selling Shareholder, nor any member of the Syndicate shall be liable to Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholder and 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 and that they shall not issue, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Selling Shareholder, 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.

The BRLMs and their respective affiliates may engage in transactions with, and perform services for, our Company and its Group Companies or affiliates or the Selling Shareholder in the ordinary course of business and have engaged, or may in the future engage, in transactions with our Company and its Group Companies or affiliates or the Selling Shareholder, for which they have received, and may in the future receive, compensation.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India, including Indian national residents in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI's permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, public financial institutions as specified in Section 4A of the Companies Act, state industrial development corporations, insurance companies registered with the IRDA, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, VCFs, the National Investment Fund, insurance funds set up and managed by the army, navy or air force of the Union of India and insurance funds set up and managed by department of posts, India and permitted Non-Residents including FIIs, their Sub-Accounts, FVCIs, multilateral and bilateral financial institutions and Eligible NRIs and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares.

This Draft Red Herring Prospectus will not, however, constitute an offer to sell or an invitation to subscribe for Equity Shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this 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 Mumbai only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with the SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this 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 Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been, and will not be, registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares will be offered and sold only (i) 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.

Further, each Bidder where required must agree in the CAN that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption form, or in a transaction not subject to, the registration requirements of the Securities Act.

Disclaimer Clause of the BSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the BSE. The disclaimer clause as intimated by the BSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing the same with the RoC.

Disclaimer Clause of the NSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the NSE. The disclaimer clause as intimated by the NSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing the same with the RoC.

Filing

A copy of this Draft Red Herring Prospectus will be filed with the SEBI at the Securities and Exchange Board of India, SEBI Bhavan, G Block, third Floor, Bandra Kurla Complex, Bandra (E), Mumbai 400 051, Maharashtra.

A copy of the Red Herring Prospectus, along with the other documents required to be filed under Section 60B of the Companies Act, will be delivered for registration with the RoC located at the address mentioned below. Further, a copy of the Prospectus required to be filed under Section 60 of the Companies Act will be delivered for registration with the RoC located at the address mentioned below:
100, Everest
Marine Drive
Mumbai 400 002, Maharashtra

Listing

Applications have been made to the Stock Exchanges for permission to deal in, and for an official quotation of the Equity Shares. The BSE will be the Designated Stock Exchange with which the 'Basis of Allotment' will be finalised.

If permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges, our Company and the Selling Shareholder will forthwith repay, without interest, all moneys received from the applicants in pursuance of the Red Herring Prospectus. As prescribed under Section 73 of the Companies Act, if such money is not repaid within eight days after our Company becomes liable to repay it, i.e. from the date of refusal of permission from the Stock Exchanges or within 15 days from the Bid Closing Date, whichever is earlier, then our Company, the Selling Shareholder and every Director who is an officer in default shall, on and from such expiry of eight days, be jointly and severally liable to repay the money, with interest at the rate of 15% p.a. on application money.

Our Company and the Selling Shareholder shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within seven Working Days of finalization of the 'Basis of Allotment'.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"Any person who:

(a) makes in a fictitious name, an application to a company for acquiring or subscription, for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years."

Consents

We have obtained consents in writing of the Selling Shareholder, our Directors, our Company Secretary and Compliance Officer, the BRLMs, the lenders to our Company, the domestic legal counsel to the Issue, the Bankers to our Company, the Registrar to the Issue. Further, the Auditor has provided its consent to act as an expert in the form provided by the ICAI under the Institute of Chartered Accountant's Guidance Note on Reports in Company Prospectuses. We will obtain consents in writing of the IPO Grading Agency, the Syndicate Members and the Bankers to the Issue/ Escrow Collection Banks to act in their respective capacities. These consents will be filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 60 and 60B of the Companies Act.

In accordance with the Companies Act and the SEBI Regulations, C.B Chhajed & Co. have agreed to provide their written consent for inclusion of their name, report on financial statements and report relating to the possible general and special tax benefits, as applicable, accruing to our Company and its shareholders, in this Draft Red Herring

Prospectus in the form and context in which they appear in this Draft Red Herring Prospectus. Further, such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus for registration with the RoC.

[●], the IPO Grading Agency, will give its written consent for inclusion of their report in the form and context in which it will appear in the Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus for registration with the RoC.

Expert Opinion

Except for the report which will be provided by the IPO Grading Agency (a copy of which will be annexed to the Red Herring Prospectus), furnishing the rationale for its grading of this Issue, pursuant to the SEBI Regulations and auditor's reports on the unconsolidated and consolidated restated financial statements and statement of tax benefits by the Auditors, C.B. Chhajed & Co. (a copy of which report and statement of tax benefits has been included in the DRHP), we have not obtained any other expert opinions. For details in relation to experts' consents, please see section titled *"Other Regulatory and Statutory Disclosures – Consents"* at page 316.

Issue Related Expenses

Except as disclosed in the section titled "*Objects of the Issue*" on page 77, the expenses of this Issue include, *inter alia*, underwriting and management fees, selling commission, SCSBs' commission/ fees, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The Issue expenses and listing fees will be paid by our Company and the Selling Shareholder.

The breakdown of the total expenses for the Issue is as follows:

(Rs. in million)

Activity	Issue Expense*	As a % of total Issue Expenses	As a % of Issue
Lead management, underwriting and selling commissions	[●]	[●]	[●]
Commission/processing fee for SCSBs and Syndicate for ASBA**	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Printing and stationery	[●]	[●]	[●]
Registrar's fees	[●]	[●]	[●]
Other (legal fees, grading expenses, listing fees etc.)	[●]	[●]	[●]
Total Issue Expenses	[●]	[●]	[●]

**To be inserted post finalization of Issue Price.*
***SCSBs would be entitled to a processing fee of Rs. [•] per Bid cum Application Form for processing the Bid cum Application Forms submitted at the Syndicate ASBA Bidding Locations.*

Our Company and the Selling Shareholder shall pay the underwriting commission, procurement commission if any, brokerage due to the underwriters and stock brokers/sub-brokers and any other fees and commission payable in relation to the Issue as per the engagement letters executed among our Company, the Selling Shareholder and the BRLMs. All commercial terms in the engagement letters executed among our Company, the Selling Shareholder, the BRLMs with relation to the fees and commissions shall prevail. The listing fees will be paid by our Company and the Selling Shareholder.

Fees, Brokerage and Selling Commission Payable to the Book Running Lead Managers and the Syndicate Members

The total fees payable to the BRLMs and the Syndicate Members (including underwriting commission and selling commission) will be as stated in the engagement letters among our Company, the Selling Shareholder, the BRLMs, copies of which will be made available for inspection at our Registered Office from 10.00 am to 4.00 pm on Working Days from the date of this Draft Red Herring Prospectus until the Bid Closing Date.

Fees Payable to the Registrar to the Issue

The fees payable by our Company and the Selling Shareholder to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the agreement dated December 29, 2011 entered into between our Company, the Selling Shareholder and the Registrar to the Issue.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to send refund orders or CANs by registered post/speed post.

IPO grading

This Issue has been graded by [●] and has been assigned the grade of [●] indicating [●], through its letter dated [●], which is valid for a period of [●]. The IPO grading is assigned on a five point scale from 1 to 5 wherein an **"**IPO Grade 5" indicates strong fundamentals and an "IPO Grade 1" indicates poor fundamentals. A copy of the report provided by [●] will be made available for inspection at our Registered Office.

Public or Rights Issues during the last five years

Our Company has not made any previous public issue (including any rights issue to the public) in the five years preceding the date of this Draft Red Herring Prospectus.

Previous Issues of securities otherwise than for cash

Other than as disclosed in the section titled "*Capital Structure*" on page 61, our Company has not issued any securities for consideration other than cash.

Public Issues in the last three years

Neither our Company, nor our Subsidiaries, Group Companies or Associate Companies, have made any public issue (including any rights issue to the public) in the last three years.

Performance vis-à-vis Objects

There has been no public issue (including any rights issue to the public) by our Company, Group Companies and entities, our Subsidiaries or our Associate Companies.

Underwriting Commission, Brokerage and Selling Commission on Previous Issues

There has been no public issue of the Equity Shares in the past. Thus, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Company's inception.

Outstanding Debentures or Bond Issues or Preference Shares

Except as stated in the section titled "*Capital Structure*" on page 61, our Company has no outstanding debentures or bonds or redeemable preference shares or other instruments as of the date of this Draft Red Herring Prospectus.

Stock Market Data of the Equity Shares

This being an initial public issue of our Company, the Equity Shares are not listed on any stock exchange.

International Securities Identification Number (ISIN)

The ISIN allotted to the Equity Shares is INE799L01016.

Other Disclosures

None of our Directors, Promoter and the members of our Promoter Group have purchased or sold any securities of our Company, during a period of six months preceding the date of filing this Draft Red Herring Prospectus with SEBI.

SEBI has not initiated any action against any entity associated with the securities market, with which our Directors are associated.

Mechanism for Redressal of Investor Grievances

The agreement between the Registrar to the Issue, our Company and the Selling Shareholder will provide for retention of records with the Registrar to the Issue for a period of at least three years from the last date of dispatch of the letters of Allotment, or refund orders, demat credit or, where refunds are being made electronically, giving of refund instructions to the clearing system, to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application, Depository Participant, and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar 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, amount paid on application and the relevant Designated Branch or collection centre of SCSB or Syndicate ASBA Bidding Location where the physical Bid cum Application Form was submitted by an ASBA Bidder.

Disposal of Investor Grievances by our Company

Our Company estimates that the average time required by our Company or the Registrar to the Issue for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of complaints that are not routine or where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed Mr. Amol Raje, 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:

Plot No. 29(P) & 30(P), Sub Plot A
SEEPZ, SEZ
Andheri (East)
Mumbai - 400 096
India
Telephone: +91 22 667 74461
Facsimile: +91 22 6677 4464
E-mail: investor.care@tarajewels.co.in

Disposal of investor grievances by listed companies under the same management within the meaning of Section 370(1B) of the Companies Act

We do not have any listed companies under the same management within the meaning of Section 370(1B) of the Companies Act and therefore there are no investor complaints pending against our companies.

Change in Auditors

There have been no changes in our Company's auditor in the last three years.

Capitalisation of Reserves or Profits

Except as stated in the "*Capital Structure*" on page 61, our Company has not capitalised its reserves or profits at any time since its incorporation.

Revaluation of Assets

Our Company has not revalued its assets since its incorporation.

SECTION VII – ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued and transferred are subject to the provisions of the Companies Act, our Memorandum and Articles, the terms of the Red Herring Prospectus, the Prospectus, the Bid cum Application Form, the Revision Form, the CAN, the Listing Agreements to be entered with the Stock Exchanges and other terms and conditions as may be incorporated in the CANs and other documents or certificates that may be executed in respect of this Issue. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by the SEBI, the GoI, the Stock Exchanges, the RoC, the RBI and/or other authorities, as in force on the date of this Issue and to the extent applicable.

Authority for the Issue

Our Board has, pursuant to its resolution dated December 19, 2011 authorised this Fresh Issue, subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act.

The shareholders of our Company have authorised this Fresh Issue by their extra-ordinary resolution passed pursuant to Section 81(1A) of the Companies Act, at its EGM held on December 23, 2011 and authorised the Board to take decisions in relation to this Issue.

The Selling Shareholder has obtained approval for the Offer for Sale pursuant to its board resolution dated December 19, 2011.

Our Company has obtained in-principle listing approvals dated [●] and [●] from the BSE and the NSE, respectively.

Ranking of Equity Shares

The Equity Shares being issued or transferred shall be subject to the provisions of the Companies Act, our Memorandum and Articles and shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividend. The Allottees will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. See section titled "*Main Provisions of the Articles of Association*" on page 386 for a description of significant provisions of our Articles.

Mode of Payment of Dividend

Our Company shall pay dividends to shareholders of our Company as per the provisions of the Companies Act, Articles of Association and the provisions of the Listing Agreements. In relation to the Offer for Sale, the dividend for the entire year shall be payable to the transferees.

Face Value and Issue Price

The face value of the Equity Shares is Rs. 10 each. The Floor Price of Equity Shares is Rs. [●] per Equity Share and the Cap Price is Rs. [●] per Equity Share. 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.

Compliance with Regulations issued by SEBI

Our Company shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the provisions of our Articles, the equity shareholders of our Company shall have the following rights:

- The right to receive dividends, if declared;
- The right to attend general meetings and exercise voting powers, unless prohibited by law;
- The right to vote on a poll either in person or by proxy;
- The right to receive offers for rights shares and be allotted bonus shares, if announced;
- The right to receive any surplus on liquidation subject to any statutory and other preferential claims being satisfied;
- The right to freely transfer their Equity Shares; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the Listing Agreements executed with the Stock Exchanges, and our Memorandum and Articles.

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien, transfer and transmission, and/ or consolidation/ splitting, see section titled "*Main Provisions of the Articles of Association*" on page 386.

Market Lot, Trading Lot and Option to receive Equity Shares in Dematerialised Form

Pursuant to Section 68B of the Companies Act, the Equity Shares shall be Allotted only in dematerialised form. Hence, the Equity Shares being offered through the Red Herring Prospectus can be applied for in the dematerialised form only.

Further, as per the provisions of the SEBI Regulations, the trading of our Equity Shares shall only be in dematerialised form, consequent to which, the tradable lot is one Equity Share. Allotment of Equity Shares will be only in electronic form in multiples of [●] Equity Shares, subject to a minimum Allotment of [●] Equity Shares.

The Price Band and the minimum Bid lot will be decided by our Company and the Selling Shareholder, in consultation with the BRLMs, including the relevant financial ratios computed for both the Cap Price and the Floor Price, which shall be published in an English national daily newspaper, a Hindi national daily newspaper and a Marathi daily newspaper, each with wide circulation, being the newspapers in which the pre-Issue advertisements were published, at least two Working Days prior to the Bid Opening Date.

Joint Holders

Subject to provisions contained in our Articles, where two or more persons are registered as the holders of any Equity Share, they shall be deemed to hold the same as joint tenants with benefits of survivorship.

Jurisdiction

Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai, India only.

Nomination facility to investors

In accordance with Section 109A of the Companies Act, the sole or First Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of the sole Bidder or in case of joint Bidders, the death of all the Bidders, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of death of the original holder(s), shall be entitled to the same advantages to which such person would be entitled if such person were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale, transfer of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or with the Registrar to the Issue and transfer agents of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of Section 109A of the Companies Act as mentioned above, 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 will be made only in dematerialised form, there shall be no requirement for a separate nomination with our Company. Nominations registered with the respective Depository Participant of the applicant will prevail. If the investors require to change their nomination, they are requested to inform their respective Depository Participant.

Minimum Subscription

In the event our Company does not receive a minimum subscription of 90% of the Fresh Issue, including devolvement to the Underwriters within 60 days from the Bid Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after our Company becomes liable to pay the amount, we shall pay such interest prescribed under Section 73 of the Companies Act.

The requirement for minimum subscription is not applicable to the Offer for Sale. In case of under-subscription in the Issue, the Equity Shares in the Fresh Issue will be issued prior to the Equity Shares in the Offer for Sale.

Further, in accordance with Regulation 26(4) of the SEBI Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted will be not less than 1,000.

Application by Eligible NRIs, FIIs and Sub-Accounts

It is to be distinctly understood that there is no reservation for NRIs and FIIs, Sub-Accounts or FVCIs and other Non-Residents. Such Eligible NRIs, FIIs, Sub-Accounts or FVCIs and other Non-Residents shall be treated on the same basis as other categories for the purposes of Allocation.

As per existing regulations, OCBs cannot participate in this Issue.

Arrangements for disposal of odd lots

Since our Equity Shares will be traded in dematerialised form only, the market lot for our Equity Shares will be one, no arrangements for disposal of odd lots are required.

Restriction on transfer and transmission of shares

Except for the lock-in of the pre-Issue Equity Shares, Promoter's minimum contribution and Allotment made to Anchor Investor pursuant to the Issue, as detailed in the section entitled "*Capital Structure*" on page 61, there are no restrictions on transfers and transmission of Equity Shares and on their consolidation/ splitting except as provided in our Articles. See section titled "*Main Provisions of the Articles of Association*" on page 370.

Withdrawal of the Issue

Our Company and the Selling Shareholder, in consultation with the BRLMs, reserves the right not to proceed with the Issue anytime after the Bid Opening Date but before the 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, providing reasons for not proceeding with the Issue. Our Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed and the BRLMs through the Registrar shall notify the SCSBs to unblock the ASBA Account within one Working Day from the date of such notification.

Any further issue of Equity Shares by our Company shall be in compliance with applicable laws.

If our Company withdraws the Issue after the Bid Closing Date, our Company shall be required to file a fresh draft red herring prospectus with SEBI.

Notwithstanding the foregoing, this Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and the final RoC approval of the Prospectus.

ISSUE STRUCTURE

The Issue of up to [●] Equity Shares for cash at a price of Rs. [●] per Equity Share including a share premium of Rs. [●] per Equity Share, aggregating up to Rs. 2,200 million, comprising of Fresh Issue of up to [•] Equity Shares aggregating to Rs. 1,500 million by our Company and an Offer for Sale of up to [•] Equity Shares aggregating up to Rs. 700 million by the Selling Shareholder. The Issue comprises of the Net Issue and the Employee Reservation Portion. The Issue and the Net Issue shall constitute up to [●] % and [●] % approximately of the fully diluted post-Issue paid up capital of our Company, respectively.

Our Company is exploring the possibility of a Pre-IPO Placement. The Pre-IPO Placement will be at the discretion of our Company. Our Company intends to complete the issuance/transfer of Equity Shares pursuant to the Pre-IPO Placement, if any, prior to filing the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares issued and transferred pursuant to the Pre-IPO Placement will be proportionately reduced from the Fresh Issue, subject to the Net Issue being at least 25% of the fully diluted post-Issue paid up capital of the Company.

The Issue is being made through the Book Building Process.

	QIBs	**Non-Institutional Bidders**	**Retail Individual Bidders**	**Employee Reservation Portion**
Number of Equity Shares*	Not more than [●] Equity Shares.	Not less than [●] Equity Shares or Net Issue less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation.	Not less than [●] Equity Shares or Net Issue less allocation to QIB Bidders and Non-Institutional Bidders shall be available for allocation.	Up to [●] Equity Shares
Percentage of Issue available for Allotment/Allocation	Not more than 50% of the Net Issue shall be allocated to QIB Bidders. However, 5% of the Net QIB Portion shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the 5% reservation in the Net QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs.	Not less than 15% of the Net Issue or the Net Issue less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation.	Not less than 35% of the Net Issue or the Net Issue less allocation to QIB Bidders and Non-Institutional Bidders shall be available for allocation.	Up to 1 % of Issue size constituting [●] Equity Shares
Basis of Allotment if	Proportionate as	Proportionate.	Proportionate.	Proportionate.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders	Employee Reservation Portion
respective category is oversubscribed	follows: (a) [●] Equity Shares 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. Our Company and the Selling Shareholder may, in consultation with the BRLMs, allocate up to 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 Mutual Funds only.			
Minimum Bid	Such number of Equity Shares so that the Bid Amount exceeds Rs. 200,000.	Such number of Equity Shares so that the Bid Amount exceeds Rs. 200,000.	[●] Equity Shares.	[●] Equity Shares.
Maximum Bid	Such number of Equity Shares not exceeding the size of the Net Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the size of the Net Issue, subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 200,000.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 200,000.
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders	Employee Reservation Portion
Bid Lot	[●] Equity Shares and in multiples thereof.	[●] Equity Shares and in multiples thereof.	[●] Equity Shares and in multiples thereof.	[●] Equity Shares and in multiples thereof.
Allotment Lot	A minimum of [●] Equity Shares and thereafter in multiples of one Equity Share.	A minimum of [●] Equity Shares and thereafter in multiples of one Equity Share.	A minimum of [●] Equity Shares and thereafter in multiples of one Equity Share.	A minimum of [●] Equity Shares and thereafter in multiples of one Equity Share.
Trading Lot	One Equity Share.	One Equity Share.	One Equity Share.	One Equity Share.
Who can Apply	Mutual Fund, Venture Capital Fund, FVCI, FIIs and sub-account (other than a sub-account which is a foreign corporate or foreign individual), public financial institution as defined in Section 4A of the Companies Act, a scheduled commercial bank, multilateral and bilateral development financial institution, state industrial development corporation, insurance company registered with the Insurance Regulatory and Development Authority, provident fund with minimum corpus of Rs. 250 million, pension fund with minimum corpus of Rs. 250 million, National Investment Fund, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by department of posts, India.	Eligible NRIs, Resident Indian individuals, HUFs (in the name of the Karta), companies, corporate bodies, scientific institutions, societies and trusts, sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals.	Resident Indian individuals (including HUFs in the name of the Karta) and Eligible NRIs.	Eligible Employees.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders	Employee Reservation Portion
Mode of Bidding	Only through ASBA	Only through ASBA	Through ASBA or non-ASBA	Through ASBA or non-ASBA
Terms of Payment	The entire Bid Amount shall be payable at the time of submission of Bid cum Application Form to the members of the Syndicate. In case of ASBA Bidders, the SCSB shall be authorised to block the Bid Amount mentioned in the Bid cum Application Form.			

* Subject to valid Bids being received at or above the Issue Price. The Issue is being made through the Book Building Process wherein not more than 50% of the Net Issue shall be allocated to QIB Bidders on a proportionate basis. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Mutual Funds participating in the 5% reservation in the Net QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs. 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.

Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the QIB Portion, Non-Institutional Portion, and Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange. Under-subscription, if any, in the Employee Reservation Portion will be added to the Net Issue. In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted to the Employee Reservation Portion subject to the Net Issue constituting at least 25% of the fully diluted post-Issue paid up capital of our Company.

The QIB Portion includes Anchor Investor Portion, as per the SEBI Regulations. Anchor Investor shall pay the entire Bid Amount at the time of submission of the Anchor Investor Bid. Provided that any difference between the Anchor Investor Allocation Price and Anchor Investor Issue Price, shall be payable by the Anchor Investor Pay-in Date.

Letters of Allotment, refund orders or instructions to SCSBs

Our Company shall credit the Equity Shares to the valid beneficiary account with its Depository Participants within 12 Working Days from the Bid Closing Date to all successful Allottees.

Please note that only Bidders having a bank account at any of the 68 centres where the clearing houses for the NECS as notified by the RBI are eligible to receive refunds or payment through electronic transfer of funds. For all other Bidders, including Bidders having bank accounts in the said 68 centres who have not updated their bank particulars along with the nine-digit MICR code, the refund orders shall be dispatched within 12 Working Days of the Bid Closing Date through speed post or registered post.

In case of ASBA Bidders, the Registrar to the Issue shall instruct the SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA for withdrawn, rejected or unsuccessful or partially successful ASBAs within 12 Working Days from the Bid Closing Date.

Interest in case of delay in dispatch of refund orders or instructions to SCSBs

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Regulations, our Company undertakes that:

- Allotment shall be made only in dematerialised form within 12 Working Days from the Bid Closing Date;
- Dispatch of refund orders, except for Bidders who can receive refunds through Direct Credit, NEFT, RTGS or NECS, shall be done within 12 Working Days from the Bid Closing Date;
- Instructions to SCSBs to unblock the funds in the relevant ASBA Account for withdrawn rejected or unsuccessful Bids shall be made within 12 Working Days from the Bid Closing Date.

- It shall pay interest at 15% p.a. if the refund orders have not been dispatched to the Bidders or if, in a case where the refund or portion thereof is made in electronic manner through Direct Credit, NEFT, RTGS or NECS, the refund instructions have not been given to the clearing system in the disclosed manner within 12 Working Days from the Bid Closing Date or if instructions to SCSBs to unblock funds in the ASBA Accounts are not given within 12 Working Days of the Bid Closing Date.

Our Company and the Selling Shareholder will provide adequate funds required for dispatch of refund orders or CAN to the Registrar to the Issue. Refunds will be made by cheques, pay orders or demand drafts drawn on any one or more of the Refund Banker(s) and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

In case of ASBA Bidders, the SCSBs will unblock funds in the ASBA Accounts to the extent of the refund to be made based on instructions received from the Registrar to the Issue.

Bid/Issue Programme*

BID OPENING DATE	**[●]**
BID CLOSING DATE	**[●]**
QIB BID CLOSING DATE	**[●]**

* *Our Company and the Selling Shareholder may, in consultation with the BRLMs, consider participation by Anchor Investors. Anchor Investor shall Bid on Anchor Investor Bidding Date.*

Except in relation to the Bids received from the Anchor Investors, Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Bidding Period at the Bidding Centres mentioned on the Bid cum Application Form or, in case of Bids submitted by the ASBA Bidders, the Designated Branches and the Syndicate ASBA Bidding Locations **except that:**

(i) in case of Bids by QIBs under the Net QIB Portion, the Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 4.00 p.m. on the QIB Bid Closing Date;

(ii) in case of Bids by Non-Institutional Bidders, the Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 4.00 p.m. on the Bid Closing Date; and

(iii) in case of Bids by Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion, the Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. on the Bid Closing Date, which may be extended up to such time as deemed fit by the Stock Exchanges after taking into account the total number of applications received up to the closure of timings and reported by BRLMs to the Stock Exchanges within half an hour of such closure.

In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical Bid form, for a particular Bidder, the details as per the Bid file received from the Stock Exchanges may be taken as the final data for the purpose of allotment. In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical or electronic Bid cum Application Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask the relevant SCSB or the member of the Syndicate for rectified data.

Our Company and the Selling Shareholder, in consultation with the BRLMs, reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI Regulations. The cap shall not be more than 120% 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 Bidding Period shall be extended for at least three additional Working Days after such revision, subject to the total Bidding Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the websites of the BRLMs and the terminals of the other members of the Syndicate.

Indicative dates of Bid closing, finalization of Basis of Allotment, credit of Equity Shares to successful Bidder's demat account, initiation of refunds and commencement of trading of Equity Shares:

Activity	Indicative dates
Bid Closing Date	[●]
Finalisation of Basis of Allotment	[●]
Credit of Equity Shares	[●]
Initiation of refunds	[●]
Commencement of trading of Equity Shares	[●]

ISSUE PROCEDURE

This section applies to all Bidders. Please note that pursuant to the SEBI circular dated April 29, 2011, bearing no. CIR/CFD/DIL/1/2011, all QIBs (excluding those Bidding under the Anchor Investor Portion) and Non-Institutional Bidders are mandatorily required to submit their Bids by way of ASBA. 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. ASBA Bidders should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all Bidders are required to make payment of the full Bid Amount or ensure that the ASBA Account has sufficient credit balance such that the entire Bid Amount can be blocked by the SCSB.

Bidders are advised to make their independent investigations and ensure that their Bids do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in this Draft Red Herring Prospectus.

Book Building Procedure

This Issue is being made through the Book Building Process wherein not more than 50% of the Net Issue shall be available for allocation to QIBs on a proportionate basis. Provided that our Company and the Selling Shareholder may, in consultation with the BRLMs, allocate up to 30% of the QIB Portion to Anchor Investors at Anchor Investor Allocation Price on a discretionary basis out of which one-third shall be reserved for domestic Mutual Funds only. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the Net QIB Portion. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of 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 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.

In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion shall be added to the Net Issue. In the event of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion to the Net Issue, subject to the Net Issue constituting 25% of the fully diluted post Issue paid up capital of our Company. In the event of under-subscription in any of the categories in the Net Issue, the unsubscribed portion would be allowed to be met with spill over from over-subscription from any other category or a combination of categories at the sole discretion of our Company, in consultation with the BRLMs.

Our Company will comply with the SEBI Regulations and any other ancillary directions issued by SEBI for this Issue. The Selling Shareholder undertakes that it will comply with the SEBI Regulations and any other directions issued by SEBI, as applicable to such Selling Shareholder in relation to the Equity Shares offered under the Offer for Sale.

In case of QIBs, other than Anchor Investors, Bidding through the Syndicate ASBA Bidding Locations, the BRLMs may reject Bids at the time of acceptance of the Bid cum Application Form provided that the reasons for such rejection shall be disclosed to such Bidder in writing. Further, Bids from QIBs can also be rejected on technical grounds. In case of Non-Institutional Bidders, Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion, our Company has a right to reject Bids based on technical grounds only.

Bidders can Bid at any price within the Price Band. The Price Band for the Issue will be decided by our Company and the Selling Shareholder, in consultation with the BRLMs, and the Bid Lot will be decided by our Company and the Selling Shareholder, in consultation with the BRLMs, and advertised in an English national daily newspaper, a Hindi national daily newspaper and a Marathi daily newspaper, each with wide circulation at least two Working Days prior to the Bid Opening Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price.

Investors should note that Allotment to successful Bidders will be only in the dematerialised form. Bid cum Application Forms which do not have the details of the Bidder's depository accounts including DP ID, PAN and Client ID will be treated as incomplete and rejected. Bidders will not have the option of receiving Allotment in physical form. On Allotment, the Equity Shares will be traded only on the dematerialized segment of the Stock Exchanges.

Bidders are required to ensure that the PAN (of the sole/ first Bidder) provided in the Bid cum Application Form is exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held.

Bid cum Application Form

Pursuant to SEBI circular CIR/CFD/DIL/4/2011 dated September 27, 2011, Bid cum Application Forms have been standardized and it has been decided that henceforth there would only be a single form for ASBA and non-ASBA Bidders. It has also been decided that the Bid cum Application Form (accompanied with abridged prospectus) would be printed in a booklet form of A4 size paper.

Bid cum Application Forms for ASBA Bidders will also be available on the website of the NSE (www.nseindia.com) and BSE (www.bseindia.com) at least one day prior to Bid Opening Date. A hyperlink to the websites of the Stock Exchanges for this facility will be provided on the websites of the BRLMs and the SCSBs. Same Bid cum Application Form applies to all ASBA Bids irrespective of whether they are submitted to the SCSBs or to the Syndicate ASBA Bidding Locations.

Copies of the Bid cum Application Form will be available for all categories of Bidders, other than Anchor Investors, with the members of the Syndicate and at our Registered Office and our Corporate Office. Bid cum Application Forms for Anchor Investors shall be available at the offices of the BRLMs. In addition, Bid cum Application Forms in physical form will be available with the Designated Branches, and electronic Bid cum Application Forms will be available on the websites of the SCSBs and of the Stock Exchanges at least one day prior to the Bid Opening Date. Copies of the Red Herring Prospectus shall, on a request being made by any Bidder before the Bid Closing Date, be furnished to such Bidder at our Registered Office, our Corporate Office and the Designated Branches.

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate, unless they are using the ASBA Process. Before being issued to the Bidders, the Bid cum Application Form shall be serially numbered. The Bid cum Application Form shall contain information about the Bidders, the price and the number of Equity Shares Bid for. Bidders shall have the option to make a maximum of three Bids (in terms of number of Equity Shares and respective Bid Amount) in the Bid cum Application Form and such options shall not be considered as multiple Bids. The collection centre of the Syndicate will, after the Bid has been uploaded, acknowledge the uploading of the Bid cum Application Form or Revision Form by stamping the acknowledgment slip with the date and time and returning it to the Bidder. This acknowledgment slip shall serve as the duplicate of the Bid cum Application Form for the records of the Bidder and the Bidder shall preserve this and should provide the same for any queries relating to non-Allotment of Equity Shares in the Issue.

Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder. Upon determination of the Issue Price and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the application form.

Bidders can also submit their Bids through the ASBA by submitting Bid cum Application Forms, either in physical or electronic mode, to the SCSB with whom the ASBA Account is maintained or through the members of the Syndicate/ sub-Syndicate (ASBA Bids through the members of the Syndicate/ sub-Syndicate shall hereinafter be referred to as the "**Syndicate ASBA**"). **However, ASBA Bids through submitted to the Syndicate is permitted only at the Syndicate ASBA Bidding Locations** (**Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Vadodara and Surat**). Kindly note that Bid cum Application Forms submitted by ASBA Bidders to members of the Syndicate at the Syndicate ASBA Bidding Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for the members of the Syndicate to deposit the Bid cum Application Form (A list of such branches is available at http://www.sebi.gov.in/pmd/scsb-asba.html).

ASBA Bidders can submit their Bids, either in physical or electronic mode. In case of application in physical mode, the ASBA Bidder shall submit the Bid cum Application Form, which shall be stamped, at the relevant Designated Branch. Bid cum Application Form in physical mode, which shall be stamped, can also be submitted to be members of the Syndicate at Syndicate ASBA Bidding Locations. In case of application in electronic form, the ASBA Bidder shall submit the Bid cum Application Form either through the internet banking facility available with the SCSBs or such other electronically enabled mechanism for Bidding and blocking funds in the ASBA Account held with SCSB, and accordingly registering such Bids. The SCSB shall block an amount in the ASBA Account equal to the Bid Amount specified in the Bid cum Application Form. Upon completing and submitting the Bid cum Application Form to the SCSB or to the members of the Syndicate, the ASBA Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form, as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

To supplement the foregoing, the mode and manner of Bidding is illustrated in the following chart.

Category of bidder	Mode of Bidding	Application form to be used for Bidding	To whom the application form has to be submitted
Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion	Either (i) ASBA or (ii) non-ASBA	Bid cum Application Form.	In case of an ASBA Bidder: (i) If using physical Bid cum Application Form: (a) to the members of the Syndicate only at Syndicate ASBA Bidding Locations; **or** (b) to the Designated Branches of the SCSBs where the SCSB account is maintained; **or** (ii) If using electronic Bid cum Application Form, to the SCSBs, electronically through internet banking facility, where the SCSB account is maintained; **or** In case of non-ASBA Bidder: (i) if using physical Bid cum Application Form, to the members of the Syndicate at the Bidding Centres as stated in the Bid cum Application Form. (ii) if using electronic Bid cum application Form, electronically through internet banking facility.
Non-Institutional Bidders and QIBs (excluding Anchor Investors)	ASBA (*Kindly note that ASBA is mandatory and no other mode of Bidding is permitted*)	Bid cum Application Form.	(i) If using physical Bid cum Application Form: (a) to the members of the Syndicate only at Syndicate ASBA Bidding Locations; **or** (b) to the Designated Branches of the SCSBs where the SCSB account is maintained; **or** (ii) If using electronic Form, to the SCSBs, electronically through internet banking facility, where the SCSB account is maintained.
Anchor Investors	Non- ASBA	Bid cum Application Form	To the BRLMs.

The prescribed colour of the Bid cum Application Form for various categories of Bidders is as follows:

Category	Colour of Bid cum Application Form *
Resident Indian, QIBs Eligible NRIs applying on a non repatriation basis	White
Non-Residents and Eligible NRIs, FVCIs and FIIs their Sub-Accounts (other than Sub-Accounts which are foreign corporates or foreign individuals bidding under the QIB Portion) applying on a repatriation basis	Blue
Eligible Employees applying under the Employee Reservation Portion	Pink

* *Excluding electronic Bid cum Application Forms.*

Who can Bid?

- Indian nationals resident in India, who are competent to contract under the Contract Act. Furthermore, based on the information provided by the Depositories, our Company shall have the right to accept Bids belonging to an account for the benefit of a minor (under guardianship);
- HUFs, in the individual name of the *Karta*. Such Bidders should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs will be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under applicable law in India and authorized to invest in equity shares under their respective constitutional or charter documents;
- Mutual Funds registered with SEBI;
- Eligible NRIs (whether on a repatriation basis or on a non-repatriation basis), subject to applicable law;
- Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, cooperative banks (subject to RBI regulations and the SEBI Regulations and other applicable law);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, Bidding in the QIB Portion;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals, Bidding in the Non-Institutional Portion;
- VCFs in accordance with applicable law;
- FVCIs in accordance with applicable laws;
- State industrial development corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/societies and who are authorized under their respective constitutional or charter documents to hold and invest in equity shares;
- Scientific and/or industrial research organizations in India, which are authorized to invest in equity shares;
- Insurance companies registered with the IRDA;
- Insurance funds set up and managed by the Department of Posts, India;
- Provident funds with a minimum corpus of Rs. 250 million and who are authorized under their constitutional documents to hold and invest in equity shares;
- Pension funds with a minimum corpus of Rs. 250 million and who are authorized under their constitutional documents 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;
- Multilateral and bilateral development financial institutions;
- Limited liability partnerships;
- Eligible Employees; and
- Any other person eligible to Bid in this Issue, under the laws, rules, regulations, guidelines and polices applicable to them.

In accordance with the regulations made by the RBI, OCBs cannot Bid in the Issue.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States, and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

Anchor Investor Portion

Our Company and the Selling Shareholder may, in consultation with the BRLMs, consider participation by Anchor Investors in the Net Issue for up to 30% of the QIB Portion in accordance with the SEBI Regulations. The QIB Portion shall be reduced to the extent of allocation under the Anchor Investor Portion. In accordance with the SEBI Regulations, the key terms for participation in the Anchor Investor Portion are as follows:

(a) Only QIBs as defined in Regulation 2(1) (zd) of the SEBI Regulations and not otherwise excluded pursuant to Schedule XI of the SEBI Regulations are eligible to invest in the Anchor Investor Portion. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares will be added to the Net QIB Portion.

(b) The Anchor Investor Bid must be for a minimum of such number of Equity Shares so that the Anchor Investor Bid Amount exceeds Rs. 100 million and in multiples of [●] Equity Shares thereafter. An Anchor Investor Bid cannot be submitted for more than the Anchor Investor Portion.

(c) [●] Equity Shares out of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds. Bids by various schemes of a Mutual Fund shall be clubbed to calculate the Bid Amount.

(d) The Bidding for Anchor Investors shall open one Working Day before the Bid Opening Date and shall be completed on the same day. Anchor Investor shall Bid on the Anchor Investor Bidding Date. **Anchor Investors are not permitted to Bid in this Issue through the ASBA process.**

(e) Allocation to the Anchor Investors shall be on a discretionary basis and subject to a minimum number of two such investors for allocation up to Rs. 2,500 million and five investors for allocation of more than Rs. 2,500 million. Our Company and the Selling Shareholder, in consultation with the BRLMs, shall finalise allocation to the Anchor Investors on a discretionary basis, subject to compliance with requirements regarding minimum number of allottees.

(f) The number of Equity Shares allocated to the Anchor Investors and the Anchor Investor Allocation Price, shall be made available in the public domain by the BRLMs before the Bid Opening Date.

(g) Anchor Investors shall pay the entire Bid Amount at the time of submission of the Anchor Investor Bid. In case the Issue Price is greater than Anchor Investor Allocation Price, the additional amount being the difference shall be paid by the Anchor Investors by the Pay-in Date. In the event the Issue Price is lower than the Anchor Investor Allocation Price, the Allotment to Anchor Investors shall be at Anchor Investor Allocation Price.

(h) Anchor Investors cannot withdraw their Bid after the Anchor Investor Bidding Date.

(i) The Equity Shares allotted in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.

(j) Bids made by QIBs under both the Anchor Investor Portion and the Net QIB Portion shall not be considered as multiple Bids.

(k) The payment instruments for payment into the Escrow Account should be drawn in favour of:

- In case of Resident Anchor Investors: “Escrow Account – [●] – Anchor Investor – R”

- In case of Non-Resident Anchor Investors: “Escrow Account – [●] – Anchor Investor - NR”

Participation by associates and affiliates of the BRLMs and Syndicate Members

The BRLMs and the Syndicate Members shall not be allowed to subscribe to this Issue in any manner, except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and the Syndicate Members may subscribe to or purchase Equity Shares in the Net Issue, in the QIB Portion or in Non-Institutional Portion as may be applicable to such Bidders. Such Bidding and subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

The BRLMs, the Syndicate Members, the Promoters, the Promoter Group and any persons related to them cannot apply in the Issue under the Anchor Investor Portion.

Bids by Mutual Funds

As per the SEBI Regulations, at least one third of the Anchor Investor Portion will be available for allocation on a discretionary basis to domestic Mutual Funds and 5% of the Net QIB Portion is reserved for allocation to Mutual Funds on a proportionate basis. An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand from Mutual Funds 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 QIB Portion, after excluding the allocation in the Mutual Fund Portion.

The Bids made by the asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made.

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 scheme concerned for which the Bid has been made.

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 in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Non Residents including Eligible NRIs, FIIs registered with SEBI, VCFs and FVCI

There is no reservation in the Net Issue for Eligible NRIs or FIIs, VCFs or FVCIs registered with SEBI. Eligible NRIs and FIIs, VCFs or FVCIs registered with SEBI will be treated on the same basis as other categories for the purpose of allocation. In accordance with the FEMA and the regulations framed thereunder, OCBs cannot Bid in the Issue.

Bids by Eligible NRIs

Only Bids accompanied by payment in Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs intending to make payment through freely convertible foreign exchange and Bidding on a repatriation basis could make payments through Rupee drafts purchased abroad or cheques or bank drafts or by debits to their Non-Resident External ("**NRE**") or Foreign Currency Non-Resident ("**FCNR**") accounts, maintained with banks authorized by the RBI to deal in foreign exchange. Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour), accompanied by a bank certificate confirming that the payment has been made by debiting to the NRE or FCNR account, as the case may be. Payment for Bids by non-resident Bidder Bidding on a repatriation basis will not be accepted out of Non-Resident Ordinary ("**NRO**") accounts. Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts should use the form for Resident Indians (white in colour).

Bids by FIIs

Under the extant law, the issue of Equity Shares to a single FII cannot exceed 10% of our post-Issue paid up Equity Share capital. In respect of an FII investing in our Equity Shares on behalf of its Sub-Accounts, the investment on behalf of each Sub-Account shall not exceed 10% of our total issued Equity Share capital or 5% of our total issued Equity Share capital in case such Sub-Account is a foreign corporate or an individual permitted to make investments. The total holdings of all FIIs and sub-accounts cannot exceed 24% of the post-Issue paid up Equity Share capital of our Company. The said 24% limit can be increased up to the applicable sectoral cap by passing a resolution by the Board of Directors followed by passing a special resolution to that effect by the shareholders of our Company and prior approval of the RBI. Our Company has not obtained board or shareholders approval to increase the FII limit to more than 24%. Thus as of now, the aggregate FII holding in our Company cannot exceed 24% of the total issued and paid-up Equity Share capital of our Company.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the FII Regulations, an FII or its Sub-Account may issue, deal or hold, offshore derivative instruments (as defined under the FII 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 recognised 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 offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the FII Regulations. Associates and affiliates of the Underwriters, including the BRLMs, that are FIIs, may issue offshore derivative instruments against Equity Shares Allotted to them. Any such offshore derivative instrument does not constitute any obligation or claim on or interest in our Company or the Selling Shareholder.

Bids by VCFs and FVCIs

The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 and the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000, each, as amended, prescribe investment restrictions on VCFs and FVCIs, respectively, registered with SEBI. Accordingly, the holding in any company by any individual VCF or FVCI registered with SEBI should not exceed 25% of the corpus of the VCF or FVCI. However, VCFs or FVCIs may invest not over 33.33% of their respective investible funds in various prescribed instruments, including in public offerings.

Bids by Eligible Employees

Bids under the Employee Reservation Portion shall be subject to the following:

- Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion.
- The sole/ First Bidder shall be an Eligible Employee.
- Bid shall be made only in the prescribed Bid cum Application Form or Revision Form.
- Only those Bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- Eligible Employees may Bid in any of the bidding options at Cut-Off Price.
- The maximum Bid amount by any Eligible Employee cannot exceed Rs. 200,000.
- The value of Allotment to any Eligible Employee shall not exceed Rs. 200,000.
- The Bids must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter.

- Bid by an Eligible Employee can be made also in the Net Issue portion and such Bids shall not be treated as multiple Bids.

- 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 Eligible Employees to the extent of their demand.

- Under-subscription, if any, in the Employee Reservation Portion will be added to the Net Issue. In the event of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion to the Net Issue, subject to the Net Issue constituting 25% of the fully diluted post-Issue paid up capital of our Company.

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. For the method of proportionate basis of Allotment, see "*Basis of Allotment*" on page 363.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, as amended ("**LLP Act**") a certified copy of certificate of registration issued under the LLP Act must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject the Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended (the "**IRDA Investment Regulations**"), are broadly set forth below:

(a) equity shares of a company: the least of 10% of the investee company's subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;

(b) the entire group of the investee company: the least of 10% of the respective fund in case of a life insurer or 10% of investment assets in case of a general insurer or reinsurer (25% in case of ULIPS); and

(c) the industry sector in which the investee company operates: 10% of the insurer's total investment exposure to the industry sector (25% in case of ULIPS).

Further, with effect from August 1, 2008, no investment may be made in an initial public offer if the issue size, including offer for sale, is less than Rs. 2,000.00 million.

Bids by provident funds/ pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of Rs.250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason thereof.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholder, the Directors, the officers of our Company and the Syndicate 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.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the Union of India, insurance funds set up by the Department of Posts, India or the National Investment Fund, provident funds with minimum corpus of Rs. 250 million and pension funds with a minimum corpus of Rs.250 million (in each case, subject to applicable law and in accordance with their respective constitutional documents), a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, with a certified copy of the memorandum of association and articles of association and/or bye laws, as applicable, must be lodged 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.

Our Company in its absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney with the Bid cum Application Form, subject to such terms and conditions that our Company, and the BRLMs deem fit, without assigning any reasons thereof.

Our Company, selling shareholder, its Directors and officers and the members of the Syndicate are not liable for any amendment, modification or change in applicable law, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in this Draft Red Herring Prospectus. Our Company and the members of the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated above.

Maximum and Minimum Bid Size

(a) **For Retail Individual Bidders:** The Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 200,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount after such revision does not exceed Rs. 200,000. In case the Bid Amount is over Rs. 200,000 due to revision of the Bid or revision of the Price Band or on exercise of Bidding at Cut-off Price, the Bid would be considered for allocation under the Non-Institutional Portion only if the Bidding was done through ASBA. The Bidding at Cut-off Price is an option given only to the Retail Individual Bidders, indicating their agreement to Bid. The Issue Price will be determined at the end of the Book Building Process

(b) **For Non-Institutional Bidders and QIBs:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 200,000 and in multiples of [•] Equity Shares thereafter. A Bid cannot be submitted for more than the Issue size. However, the Bid by a QIB should not exceed the investment limits prescribed for them by applicable laws. **A QIB cannot withdraw its Bid after the QIB Bid Closing Date and is required to pay the entire Bid Amount upon submission of the Bid.** The identity of QIBs Bidding in the Net Issue under the QIB Portion shall not be made public during the Bidding Period.

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the revised Bid Amount is greater than Rs. 200,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 200,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. **Non-Institutional Bidders and QIBs are not allowed to Bid at Cut-Off Price.**

(c) **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 by the Eligible Employees does not exceed Rs. 200,000. Bidders in the Employee Reservation Portion may bid at Cut-Off Price. Bidders may note that the total Bid Amount will be used to determine whether the Bid exceeds Rs. 200,000 or not. The Allotment in the Employee Reservation Portion will be on a proportionate basis in case of over-subscription in this category. Further, the value of Allotment to any Eligible Employee shall not exceed Rs. 200,000. Bidders in the Employee Reservation Portion have the option to bid at the Cut-off Price indicating their agreement to Bid and purchase at the Issue Price.

(d) **For Bidders in the Anchor Investor Portion:** The Bid by an Anchor Investor must be for a minimum of such number of Equity Shares such that the Bid Amount is equal to or more than Rs.100 million. Bids by Anchor Investors under the Anchor Investor Portion and the Net QIB Portion shall not be considered as multiple Bids. Under the Anchor Investor Portion, a Bid cannot be submitted for more than 30% of the QIB Portion. **Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date. Anchor Investor shall pay the entire Bid Amount at the time of submission of the Anchor Investor Bid. Provided that any difference between the Anchor Investor Allocation Price and the Anchor Investor Issue Price, shall be payable by the Pay-in Date. If the Issue Price is greater than Anchor Investor Allocation, the additional amount being the difference, shall be paid by the Anchor Investor. If the Issue Price is lower than the Anchor Investor Allocation Price, the Allotment to Anchor Investors shall be at the Anchor Investor Allocation Price.**

The maximum and minimum Bid size applicable to a QIB, Eligible Employees, Retail Individual Bidder or a Non-Institutional Bidder shall be applicable to an ASBA Bidder in accordance with the category that such ASBA Bidder falls under.

Bidders are advised to make independent enquiries and 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 this DRHP.

Information for Bidders:

1. Our Company shall file the Red Herring Prospectus with the RoC at least three days before the Bid Opening Date.

2. Subject to Section 66 of the Companies Act, our Company shall, after registering the Red Herring Prospectus with the RoC, make a pre-Issue advertisement, in the form prescribed under the SEBI Regulations, in an English national daily newspaper, a Hindi national daily newspaper and a Marathi daily newspaper, each with wide circulation. In the pre-Issue advertisement, our Company and the BRLMs shall declare the Bid Opening Date and the Bid Closing Date. 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 Regulations.

3. Our Company shall announce the Price Band at least two Working Days before the Bid Opening Date in an English national daily newspaper, a Hindi national daily newspaper and a Marathi daily newspaper, each with wide circulation. This announcement shall contain relevant financial ratios computed for both upper and lower end of the Price Band.

4. The Bidding Period shall be for a minimum of three Working Days. In case the Price Band is revised, the Bidding Period shall be extended, by an additional three Working Days, subject to the total Bidding Period not exceeding 10 Working Days. The revised Price Band and Bidding Period will be widely disseminated by notification to the SCSBs and Stock Exchanges, and by publishing in an English national daily newspaper, a Hindi national daily newspaper and a Marathi daily newspaper, each with wide circulation and also by indicating the change on the websites of the BRLMs and at the terminals of the members of the Syndicate.

5. Our Company shall dispatch the Red Herring Prospectus and other Issue material to the Designated Stock Exchange, members of the Syndicate, Bankers to the Issue/ Escrow Collection Banks, investors' associations and SCSBs in advance.

6. Copies of the Bid cum Application Form and the Red Herring Prospectus will be available with the members of the Syndicate, the SCSBs and at our Registered and Corporate Office. For ASBA Bidders, physical Bid cum Application Forms will be available with the Designated Branches of the SCSBs, Syndicate (in the Syndicate ASBA Bidding Locations) and at the Registered Office of our Company. For ASBA Bidders, electronic Bid cum Application Forms will also be available on the websites of NSE and BSE and the Designated Branches of the SCSBs.

7. No separate receipts will be issued for the money payable on the submission of Bid cum Application Form or Revision Form by ASBA Bidders. However, the collection centre of the members of the Syndicate or the SCSB, as the case may be, will, after the Bid has been uploaded, acknowledge the uploading of the Bid cum Application Forms or Revision Forms by stamping the date and time 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.

8. Eligible Bidders who are interested in subscribing for the Equity Shares should approach the BRLMs or Syndicate Member or their authorised agent(s) to register their Bids. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs or the Syndicate (only in the Syndicate ASBA bidding Locations) to register their Bids.

9. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms submitted to the members of the Syndicate should bear the stamp of the members of the Syndicate, otherwise they are liable to be rejected. Bid cum Application Forms submitted directly to the SCSBs should bear the stamp of the SCSBs and/or the Designated Branch and/or the member of the Syndicate in the Syndicate ASBA Bidding Locations, if not, the same are liable to be rejected..

10. Except for Bids submitted on behalf of the Central Government or the State Government or officials appointed by a court and Bidders resident in the state of Sikkim who may be exempt from specifying their PAN for transacting in the securities market, all Bidders should mention their Permanent Account Number (PAN) allotted under the IT Act. In case of Bids submitted on behalf of the Central Government or the State Government or officials appointed by a court, such Bidders shall provide sufficient documentary evidence in support of the fact that such Bids have been submitted on behalf of the Central Government or the State Government or officials appointed by a court. Residents of Sikkim shall provide sufficient documentary evidence in support of their address as provided in the SEBI MRD circular MRD/DOP/Dep/cir-29/2004 dated August 24, 2004.

11. Only Bids that are uploaded on the online system of the Stock Exchanges shall be considered for allocation/ Allotment. The members of the Syndicate and the SCSBs shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Bid data in the electronic Bidding systems of the Stock Exchanges. In order that the data so captured is accurate the members of the Syndicate and the SCSBs will be given up to one Working Day after the Bid Closing Date to modify/ verify certain selected fields uploaded in the online system during the Bidding Period after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

12. In case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such Bids are liable to be rejected.

Bidders are advised not to submit the Bid cum Application Form directly to Escrow Collection Banks and the same will be rejected in such cases and the Bidders will not be entitled to any compensation whatsoever.

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.

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.

Based on the information provided by the Depositories, the Issuer shall have the right to accept Bids belonging to an account for the benefit of a minor (under guardianship).

Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in an English national daily newspaper, a Hindi national daily newspaper and a Marathi daily newspaper, each with wide circulation. In the pre-Issue advertisement, we shall state the Bid Opening Date, the Bid Closing Date and the QIB Bid Closing Date.

Method and Process of Bidding

1. The Price Band for the Issue will be decided by our Company and the Selling Shareholder, in consultation with the BRLMs, and the Bid Lot for the Issue will be decided by our Company and the Selling Shareholder, in consultation with the BRLMs, and advertised in an English national daily newspaper, a Hindi national daily newspaper and a Marathi daily newspaper, each with wide circulation at least two Working Days prior to the Bid Opening Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price. The members of the Syndicate and the SCSBs shall accept Bids from the Bidders during the Bidding Period.

2. The Bidding Period shall be for a minimum of three Working Days and shall not exceed 10 Working Days. The Bidding Period maybe extended, if required, by an additional three Working Days, subject to the total Bidding Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be published in an English national daily newspaper, a Hindi national daily newspaper and a Marathi daily newspaper, each with wide circulation and also by indicating the change on the website of the BRLMs.

3. During the Bidding Period, Bidders who are interested in subscribing for the Equity Shares should approach the members of the Syndicate or their authorised agents to register their Bid. The members of the Syndicate accepting Bids have the right to vet the Bids during the Bidding Period in accordance with the terms of the Red Herring Prospectus. ASBA Bidders Bidding through the Syndicate should submit their Bids to the members of the Syndicate at the Syndicate ASBA Bidding Locations. ASBA Bidders Bidding through the SCSBs are required to submit their Bids to the Designated Branches of such SCSBs. The Bid cum Application Form will be stamped by the Syndicate /SCSB Branch after the Bid has been uploaded acknowledging uploading of Bid in system of the Stock Exchange.

4. 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 entitled "Bids at Different Price Levels" below) 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/Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.

5. The Bidder cannot Bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to the members of the Syndicate or SCSBs, as the case may be. Submission of a second Bid cum Application Form to a member of the Syndicate or an SCSB will be treated as multiple Bids 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 approval of the Basis of Allotment. 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".

6. Except in relation to Bids received from the Anchor Investors, the members of the Syndicate/ the SCSBs, as the case may be, will enter each Bid option into the electronic Bidding system as a separate Bid and generate a Transaction Registration Slip, ("**TRS**"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.

7. The BRLMs shall accept Bids from the Anchor Investors during the Anchor Investor Bidding Date *i.e.* one Working Day prior to the Bid Opening Date. Bids by Anchor Investors under the Anchor Investor Portion and the Net QIB Portion shall not be considered as multiple Bids.

8. Along with the Bid cum Application Form, all Bidders (other than ASBA Bidders) will make payment in the manner described in "Escrow Mechanism, terms of payment and payment into the Escrow Accounts" in the

section titled "Issue Procedure" on page 344.

9. Upon receipt of a Bid cum Application Form by a member of the Syndicate, the concerned member of the Syndicate shall issue an acknowledgement by giving the counter foil of the Bid cum Application Form to the ASBA Bidder as proof of having accepted the Bid. Thereafter, the member of the Syndicate shall upload the details of the Bid in the electronic Bidding system of the Stock Exchanges and forward the Bid cum Application Form to the concerned SCSB. The SCSB shall carry out further action for such Bid cum Application Form such as signature verification and blocking of funds. If sufficient funds are not available in the ASBA Account, the SCSB shall reject such Bids. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the Bid cum Application Form and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.

10. Upon receipt of the Bid cum Application Form by a SCSB, submitted whether in physical or electronic mode, the respective Designated Branch shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges. If sufficient funds are not available in the ASBA Account, the respective Designated Branch shall reject such Bids and shall not upload such Bids with the Stock Exchanges. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the 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.

11. The Bid Amount shall remain blocked in the aforesaid ASBA Account until approval 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 Bid cum Application Form, as the case may be. Once the Basis of Allotment is approved, 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 ASBA Bidders to the Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

Bids at Different Price Levels

1. In accordance with the SEBI Regulations, our Company and the Selling Shareholder, in consultation with the BRLMs and without prior intimation to or approval from the Bidders, reserve the right to revise the Price Band during the Bidding Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly. The revised Price Band and the Bidding Period will be widely disseminated by notification to the Stock Exchanges and the SCSBs and also by indicating the change on the websites of the BRLMs.

2. Our Company, in consultation with the BRLMs, will finalise the Issue Price within the Price Band, without the prior approval of or intimation to the Bidders.

3. 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 and Eligible Employees Bidding in Employee Reservation Portion may bid at the Cut-off Price. However, Bidding at Cut-off Price is not permitted for QIBs and Non-Institutional Bidders and such Bids from QIB and Non-Institutional Bidders shall be rejected.

4. Retail Individual Bidders and Eligible Employees who Bid at the Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders Bidding at Cut-off Price shall deposit the Bid Amount based on the Cap Price in the Escrow Account(s). In case of ASBA Bidders Bidding at the Cut-off Price, the ASBA Bidders will instruct the SCSBs to block an amount based on the Cap Price. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders and the Eligible Employees who Bid at the Cut-off Price, they will receive refunds of the excess amounts in the manner provided in the Red Herring Prospectus.

Escrow mechanism, terms of payment and payment into the Escrow Accounts

For details of the escrow mechanism and payment instructions, please see sub-section titled "*Payment Instructions*" on page 353.

Electronic Registration of Bids

1. The members of the Syndicate and SCSBs will register the Bids using the on-line facilities of the Stock Exchanges. There will be at least one on-line connection in each city where Bids are being accepted. The Syndicate shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the Syndicate, (ii) the Bids uploaded by the Syndicate or (iii) the Bids accepted but not uploaded by the Syndicate. The SCSBs shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the SCSBs, (ii) the Bids uploaded by the SCSBs, (iii) the Bids accepted but not uploaded by the SCSBs and (iv) with respect to Bids by ASBA Bidders, Bids accepted and uploaded without blocking funds in the ASBA Accounts. The BRLMs, our Company, the Selling Shareholder and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by 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 accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts. It shall be presumed that for Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.

2. In case of apparent data entry error by either the members of the Syndicate or the SCSBs in entering the Bid cum Application Form number in their respective schedules other things remaining unchanged, the Bid cum Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to Stock Exchange(s).

3. The Stock Exchanges will offer an electronic facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents and the SCSBs during the Bidding Period. The members of the Syndicate and the Designated Branches 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 Process on a regular basis. On the Bid Closing Date, the Syndicate and the Designated Branches shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the members of the Syndicate on a regular basis. Bidders are cautioned that a high inflow of high volumes on the last day of the Bidding Period may lead to some Bids received on the last day not being uploaded and such Bids will not be considered for allocation.

4. Based on the aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges, a graphical representation of consolidated demand and price, as available on the websites of the Stock Exchanges, would be made available at the Bidding centres during the Bidding Period.

5. At the time of registering each Bid, other than ASBA Bids, the members of the Syndicate shall enter the following details of the Bidders in the on-line system:

   - Bid cum Application Form number
   - PAN (of the first Bidder, in case of more than one Bidder)
   - Investor Category and sub-category
   - DP ID
   - Client ID
   - Number of Equity Shares Bid for
   - Price per Equity Share (price option) and Bid Amount
   - Cheque amount
   - Cheque number

With respect to ASBA Bids, submitted directly to the SCSBs at the time of registering each Bid, the Designated Branches shall enter the following information pertaining to the Bidder in to the electronic system:

- Bid cum Application Form number
- PAN (of the first Bidder, in case of more than one Bidder)
- Investor Category and sub-category
- DP ID
- Client ID
- Numbers of Equity Shares Bid for
- Price option and Bid Amount
- Bank account number

With respect to ASBA Bids, at the time of registering each Bid, the member of the Syndicate or the Designated Branch, as the case may be, shall enter the following information pertaining to the Bidder into the on-line system:

- Bid cum Application Form number
- PAN (of the first Bidder, in case of more than one Bidder)
- Investor category and sub-category
- DP ID
- Client ID
- Number of Equity Shares Bid for
- Price per Equity Share (price option) and Bid Amount
- Bank code for the SCSB where the ASBA Account is maintained
- Location of Syndicate ASBA Bidding Location

6. A system generated TRS will be given to the Bidder as a proof of the registration of each of the Bidding options when the Bid is registered. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate or the Designated Branches. The registration of the Bid by the members of the Syndicate or the Designated Branches does not guarantee that the Equity Shares shall be allocated/Allotted by our Company.

7. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

8. In case of QIBs, our Company, in consultation with the BRLMs have the right to accept the Bid or reject it. However, such rejection should be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed at page 357. In case of QIBs, the BRLMs 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.

9. The permission given by the Stock Exchanges to use their network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Selling Shareholder and/or the BRLMs are cleared or approved by the Stock Exchanges; 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 Selling Shareholder, 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 DRHP; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

10. Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. Members of the Syndicate and the SCSBs will be given up to one day after the Bid Closing Date to verify DP ID and Client ID uploaded in the online IPO system during the Bidding Period after which the Registrar to the Issue will receive this data from the Stock Exchanges and will validate the electronic bid details with Depository's records.

11. Details of Bids in the Anchor Investor Portion will not be registered on the on-line facilities of electronic facilities of the Stock Exchanges.

Build up of the book and revision of Bids

1. Bids received from various Bidders (other than Anchor Investors) through the members of the Syndicate and the SCSBs shall be electronically uploaded to the Stock Exchanges' mainframe on a regular basis.

2. The book gets built up at various price levels. This information will be available with the member of the Syndicate at the end of the Bidding Period.

3. During the Bidding Period, any Bidder who has registered his or her Bid at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form.

4. Revisions can be made in both the desired number of Equity Shares and the Bid Amount 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 such Bidder is changing only one of the options in the Revision Form, the Bidder must still fill the details of the other two options that are not being revised, in the Revision Form . The members of the Syndicate and the Designated Branches will not accept incomplete or inaccurate Revision Form.

5. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate or the same SCSB through whom such Bidder had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

6. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Eligible Employees who had Bid at the Cut-off Price could either (i) revise their Bid or (ii) shall make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 200,000 if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate to whom the original Bid was made. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 200,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the 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 downwards 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 Price.

7. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders and Eligible Employees 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 Escrow Account or unblocked, in case of ASBA Bidders. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus.

8. Our Company, shall, in consultation with the BRLMs, decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of Rs. 5,000 to Rs. 7,000.

9. 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 SCSBs shall block the additional Bid Amount. In case of Bids, other than ASBA Bids, the members of the Syndicate 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. In such cases, the members of the Syndicate 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.

10. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and may request for a revised TRS from the members of the Syndicate or the SCSB as proof of his or her having revised the previous Bid.

Price Discovery and Allocation

1. Based on the demand generated at various price levels and the book built, our Company and the Selling Shareholder, in consultation with the BRLMs, shall finalise the Issue Price and Anchor Investor Allocation Price.

2. In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion shall be added to the Net Issue. In the event of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion to the Net Issue, subject to the Net Issue constituting 25% of the fully diluted post Issue paid up capital of our Company. In the event of under-subscription in any of the categories in the Net Issue, the unsubscribed portion would be allowed to be met with spill over from over-subscription from any other category or a combination of categories at the sole discretion of our Company, in consultation with the BRLMs.

3. Only Bids that are uploaded on the online system of the Stock Exchanges shall be considered for allocation/ Allotment. The members of the Syndicate and the SCSBs shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Bid data in the electronic Bidding systems of the Stock Exchanges. In order that the data so captured is accurate the members of the Syndicate and the SCSBs will be given up to one Working Day after the Bid Closing Date to modify/ verify certain selected fields uploaded in the online system during the Bidding Period after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

4. In case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such Bids are liable to be rejected.

5. Allocation to Non-Residents, including Eligible NRIs and FIIs registered with SEBI will be subject to applicable law, rules, regulations, guidelines and approvals.

6. Allocation to Anchor Investors shall be at the discretion of our Company and the Selling Shareholder, in consultation with the BRLMs, subject to compliance with the SEBI Regulations.

7. QIBs shall not be allowed to withdraw their Bid after the QIB Bid Closing Date. Further, the Anchor Investors shall not be allowed to withdraw their Bids after the Anchor Investor Bidding Date.

Signing of the Underwriting Agreement and the RoC Filing

Our Company, the Selling Shareholder and the members of the Syndicate intend to enter into an Underwriting Agreement on or immediately after the finalisation of the Issue Price. After signing the Underwriting Agreement, our Company will file the Prospectus with the RoC. The Prospectus would have details of the Issue Price, the Anchor Investor Issue Price, Issue size and underwriting arrangements and would be complete in all material respects.

Advertisement regarding Issue Price and Prospectus

Our Company will issue an advertisement after the filing of the Prospectus with the RoC. This advertisement, among other things, shall indicate the Issue Price and Anchor Investor Issue Price, in the event Anchor Investors participate in this Issue. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such an advertisement.

Issuance of CANs

1. Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the members of the Syndicate a list of the Bidders who have been Allotted Equity Shares. The approval of the Basis of Allotment by the Designated Stock Exchange for QIB Bidders (including Anchor Investors) may be done simultaneously with or prior to the approval of the Basis of Allotment for the Retail and Non-Institutional Bidders. However, Bidders should note that our Company shall ensure that the Allotment of the Equity Shares is done within 12 Working Days of the Bid Closing Date. Bidders should also note that our Company shall ensure that the instructions by our Company for demat credit of the Equity Shares to all investors in the Issue shall be given within one day of Allotment. For Anchor Investors, see section titled "*Notice to Anchor Investors: Allotment Reconciliation and Intimation*" below.

2. The Registrar to the Issue will send CANs to Bidders who have been Allotted Equity Shares in the Issue.

3. The dispatch of CANs shall be deemed a valid, binding and irrevocable contract for the Bidder for all the Equity Shares allotted to such Bidder.

Notice to Anchor Investors: Allotment Reconciliation and Intimation

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 and Selling Shareholder, in consultation with the BRLMs, selected Anchor Investors will be sent an AI CAN and if required, a revised AI CAN. All Anchor Investors will be sent an AI CAN post the Anchor Investor Bidding Date and in the event that the Issue Price is higher than the Anchor Investor Allocation Price, the Anchor Investors will be sent a revised AI CAN 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 Allocation Price, as indicated in the revised AI CAN within the Pay-in Date referred to in the revised AI CAN. The revised AI CAN will constitute a valid, binding and irrevocable contract (subject to the issue of CANs) for the Anchor Investor to pay the difference between the Issue Price and the price at which allocation is being done to the Anchor Investors and accordingly, the CANs will be issued to such Anchor Investors. In the event the Issue Price is lower than the price at which allocation is being done to the Anchor Investors, the Anchor Investors who have been Allotted Equity Shares will directly receive CANs. The CANs 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 and Allotment by the Board of Directors or any committee thereof.

Unblocking of ASBA Account

Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue shall provide the following details to the Controlling Branches of each SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the Public Issue Account designated for this purpose, within the timelines specified in the ASBA facility: (i) the number of Equity Shares to be Allotted against each valid ASBA Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each valid ASBA Bid, (iii) the date by which funds referred to in above shall be transferred to the Public Issue Account, and (iv) details of rejected ASBA Bids, if any, along with reasons for rejection and details of withdrawn and/or unsuccessful ASBA Bids, if any, to enable SCSBs to unblock the respective bank accounts. On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Bidder to the Public Issue Account and shall unblock the excess amount, if any, in the ASBA Account. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of notification from the Registrar to the Issue by the Controlling Branch of the SCSB in relation to the approval of the Basis of Allotment in the Issue by the Designated Stock Exchange in the event of withdrawal or failure of the Issue or rejection of the ASBA Bid, as the case may be.

Designated Date and Allotment

(a) Our Company will ensure that the Allotment and credit to the successful Bidder's depositary account will be completed within 12 Working Days of the Bid Closing Date.

(b) Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees.

(c) Allottees will have the option to re-materialise the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them.

GENERAL INSTRUCTIONS

Do's:

(a). Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law;

(b). Ensure that you have Bid within the Price Band;

(c). Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;

(d). Ensure that the Bidder's depository account is valid and active;

(e). Ensure that the details about the DP ID, Client ID and PAN are correct as Allotment will be in the dematerialised form only;

(f). Ensure that the Bids are submitted at the Bidding Centres bear the stamp of a member of the Syndicate;

(g). Ensure that you have funds equal to the Bid Amount in your bank account before submitting the Bid cum Application Form to the Syndicate.

(h). Ensure that you have Bid by way of ASBA (for QIBs and Non-Institutional Bidders);

(i). Ensure that you request for and receive a TRS for all your Bid options and an acknowledgement as a proof of having been accepted;

(j). Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS or acknowledgment;

(k). Except for Bids (i) on behalf of the Central or State Government and officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Bidders should provide their PAN. Bid cum Application Forms in which the PAN is not provided will be rejected. The exemption for the Central or State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the demographic details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the demographic details evidencing the same;

(l). Ensure that signatures other than in the languages specified in the Eighth Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

(m). Ensure that the Demographic Details are updated, true and correct in all respects;

(n). Ensure that the name given in the Bid cum Application Form is exactly the same as the name available in the depository database.; and (o). Ensure that the DP ID, the Client ID and the PAN mentioned in the Bid cum Application Form and entered into the electronic Bidding system of the stock exchanges by the members of the Syndicate match with the DP ID, Client ID and PAN available in the Depository database.

Don'ts:

(a). Do not Bid for lower than the minimum Bid size;

(b). Do not Bid/ revise Bid Amount to less than the Floor Price or higher than the Cap Price;

(c). Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;

(d). Do not pay the Bid Amount in cash, by money order or by postal order or by stockinvest;

(e). Do not send Bid cum Application Forms by post; instead submit the same to the members of the Syndicate only;

(f). Do not Bid *via* any mode other than ASBA (for QIBs and Non-Institutional Bidders);

(g). Do not Bid at Cut-off Price (for QIBs and Non-Institutional Bidders);

(h). Do not Bid for a Bid Amount exceeding Rs. 200,000 for Bids by Retail Individual Bidders;

(i). Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;

(j). Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground;

(k). Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;

(l). Do not submit Bids without payment of the full Bid Amount;

(m). Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms, or on Bid cum application Forms in a colour prescribed for another category of Bidder;

(n). Do not Bid if you are not competent to contract under the Contract Act.

ADDITIONAL INSTRUCTIONS SPECIFIC TO ASBA BIDDERS

Do's:

1. Check if you are eligible to Bid under ASBA;

2. Before submitting the physical Bid cum Application Form with the member of the Syndicate ensure that the SCSB, whose name has been filled in the Bid cum Application Form, has named a branch in that centre;

3. Read all the instructions carefully and complete the Bid cum Application Form;

4. For ASBA Bidders submitting Bids through Syndicate, ensure that your Bid cum Application Form is submitted to the members of the Syndicate at the Syndicate ASBA Bidding Locations and not to the Escrow Collection Banks (assuming that such bank is not a SCSB), to our Company, the Selling Shareholder or the Registrar to the Issue;

5. For ASBA Bidders Bidding through the SCSBs, ensure that your Bid cum Application Form is submitted at a Designated Branch of the SCSB where the ASBA Account is maintained, and not to the Escrow Collection Banks (assuming that such bank is not a SCSB), to our Company, the Selling Shareholder or the Registrar to the Issue or the members of the Syndicate;

6. Ensure that the Bid cum Application Form is signed by the ASBA Account holder in case the ASBA Bidder is not the account holder;

7. Ensure that you have mentioned the correct ASBA Account number in the Bid cum Application Form;

8. Ensure that you have funds equal to the Bid Amount in the ASBA Account before submitting the Bid cum Application Form to the respective Designated Branch;

9. Ensure that you have correctly ticked, provided or checked the authorisation box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB *via* the electronic mode, for the Designated Branch to block funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form;

10. Ensure that you receive an acknowledgement from the Designated Branch or the concerned member of the Syndicate, as the case may be, for the submission of the Bid cum Application Form;

11. Submit the Revision Form with the same Designated Branch or concerned member of the Syndicate, as the case may be, through whom the Bid cum Application Form was placed and obtain a revised acknowledgment;

12. Ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the beneficiary account is held with the Depository Participant.

Don'ts:

1. Payment of Bid Amount in any mode other than through blocking of Bid Amount in the ASBA Accounts shall not be accepted under the ASBA;

2. Do not submit the Bid cum Application Form with a member of the Syndicate at a location other than the Syndicate ASBA Bidding Locations.

3. Do not submit more than five Bid cum Application Forms per ASBA Account.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

1. Bids and revisions of Bids must be made only in the prescribed Bid cum Application Form, Revision Form.

2. In case of Retail Individual Bidders (including Eligible NRIs), Bids and revisions of Bids must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of Rs. 200,000. In case the Bid Amount is more than Rs. 200,000 due to revision of the Bid or revision of the Price Band or on exercise of the option to Bid at the Cut-Off Price, the Bid will be considered for allocation in the Non-Institutional Portion subject to such Bid being received by way of ASBA. The option to Bid at the Cut-Off Price is available only to Retail Bidders indicating their agreement to Bid and purchase at the Issue Price as determined at the end of the Book Building Process.

3. In case of Eligible Employees, Bids and revision of Bids must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter, so as to ensure that the Bid Amount does not exceed Rs. 200,000. In case the Bid Amount is over Rs. 200,000, due to, among other things, revision of the Bid or revision of the Price Band or on exercise of bidding at Cut-off Price, the Bid is liable to be rejected. Eligible Employees bidding in the Employee Reservation Portion have the option to bid at Cut-off Price indicating their agreement to Bid and purchase at the Issue Price. Eligible Employees bidding in the Employee Reservation Portion at the Cut-Off Price have to ensure payment at the Cap Price at the time of making a Bid.

4. In case of Non-Institutional Bidders and QIBs, the Bid and revision of Bids must be for a minimum of such number of Equity Shares in multiples of [●] such that the Bid Amount exceeds Rs. 200,000.

5. Bid cum Application Forms and Revision Forms are to be completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the Red Herring Prospectus and the Bid cum Application Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected. Bidders should note that the members of 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.

6. Information provided by the Bidders will be uploaded in the online system by the members of 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.

7. Based on the category of the Bidder, the Bid must comply with the maximum and minimum Bid size, as described in "*Maximum and Minimum Bid Size*" on page 339.

8. Bids through ASBA must be:

    a. made only in the prescribed Bid cum Application Form or Revision Forms.

    b. made in the name of and signed by the First sole/Bidder.

    c. completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the Red Herring Prospectus and in the Bid cum Application Form.

9. If the ASBA Account holder is different from the ASBA Bidder, the Bid cum Application Form should be signed by the ASBA Account holder also, in accordance with the instructions provided in the Bid cum Application Form.

10. For ASBA Bidders, SCSBs may provide the electronic mode of Bidding either through an internet enabled Bidding and banking facility or such other secured, electronically enabled mechanism for Bidding and blocking funds in the ASBA Account. For details regarding mode of Bidding and manner of submission of the Bid cum Application Form, see section titled "*Issue Procedure - Bid cum Application Form*" on page 332.

Bidder's PAN, Depository Account and Bank Account Details

Bidders should note that on the basis of the DP ID, CLIENT ID and PAN provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Demographic Details of the Bidders including PAN and MICR code. These Demographic Details would be used for giving CAN and refunds (including through physical refund warrants, direct credit, NECS, NEFT and RTGS), if any, to the Bidders. Hence, Bidders are advised to immediately update their Demographic Details (including bank account details) as appearing on the records of the Depository Participant and ensure that they are true and correct. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders, delivery of CAN or unblocking of ASBA Account at the Bidders sole risk, and neither the members of the Syndicate or the Registrar to the Issue or the Bankers to the Issue/Escrow Collection Banks or the SCSBs nor our Company or the Selling Shareholder 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 DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DP ID, CLIENT ID AND PAN IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE DP ID, CLIENT ID AND PAN GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE DEPOSITORY DATABASE.

Bidders may note that in case the DP ID, Client ID and PAN mentioned in the Bid cum Application Form, as the case may be and entered into the electronic bidding system of the stock exchanges by the members of the Syndicate or the SCSBs, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Bid cum Application Form, as the case may be, is liable to be rejected and our Company, the Selling Shareholder and the members of the Syndicate shall not be liable for losses, if any.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs 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 or would not be used for any other purpose by the Registrar to the Issue except in relation to the Issue.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund orders/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. In case of refunds through electronic modes as detailed in this DRHP, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect. Please note that any such delay shall be at such Bidders sole risk and neither our Company, the Selling Shareholder, the Bankers to the Issue/Escrow Collection Banks, Registrar to the Issue nor the members of the Syndicate 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, DP ID, Client ID and PAN, then such Bids are liable to be rejected.

Refunds, dividends and other distributions, if any, will be payable in Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Rupee drafts purchased abroad, such payments in Rupees will be converted into U.S. Dollar 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 or the Selling Shareholder 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 applicants will be treated on the same basis with other categories for the purpose of allocation.

PAYMENT INSTRUCTIONS

Escrow Mechanism for Bidders other than ASBA Bidders

Our Company, the Selling Shareholder and the Syndicate shall open Escrow Account(s) with one or more Escrow Collection Bank(s) in whose favour the Bidders (other than ASBA Bidders) shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category 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 Allotment of Equity Shares (including the amount due to the Selling Shareholder but other than in respect of Allotment to successful ASBA Bidders) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account. The balance amount after transfer to the Public

Issue Account shall be transferred to the Refund Account. Payments of refund to the relevant 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 Selling Shareholder, the members of the Syndicate, the Escrow Collection Banks and the Registrar to the Issue to facilitate collections from the Bidders.

Payment mechanism for ASBA Bidders

The ASBA Bidders shall specify the ASBA Account number in the Bid cum Application Form and the relevant SCSB shall block an amount equivalent to the application money in the ASBA Account specified in the Bid cum Application Form. In the event of withdrawal or rejection of the Bid cum Application Form or for unsuccessful Bid cum Application Forms, the Registrar to the Issue shall give instructions to the SCSB to unblock the application money in the relevant bank account within 12 Working Days of the Bid Closing Date. The Bid Amount shall remain blocked in the ASBA Account until 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

Please note that payment into Escrow Account is applicable only to Retail Individual Bidders and Eligible Employees.

Each Bidder shall draw a cheque or demand draft for the entire Bid Amount as per the following terms:

1. All Bidders would be required to pay the full Bid Amount at the time of the submission of the Bid cum Application Form.

2. 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 members of the Syndicate. If the payment is not made favouring the Escrow Account along with the Bid cum Application Form, the Bid will be rejected. Bid cum Application Forms accompanied by cash, stockinvest, money order or postal order will not be accepted.

3. The payment instruments for payment into the Escrow Account should be drawn in favour of:

   - In case of resident Retail Individual Bidders: “Escrow Account– [●] – R”

   - In case of Non-Resident Retail Individual Bidders: “Escrow Account– [●] – NR”

   - In case of Eligible Employees: “Escrow Account – [●] – Eligible Employees - R”.

4. In case of Bids by Eligible NRIs applying on repatriation basis, only Bids accompanied by payment in Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs who intend to make payment through freely convertible foreign exchange and are Bidding on a repatriation basis may make the payments must be made through Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of 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.

5. In case of Bids by Eligible NRIs applying on non-repatriation basis, the payments must be made through Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along

with documentary evidence in support of the remittance 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.

6. In case of Bids by FIIs, the payment should be made out of funds held in a 'Special Rupee Account' along with documentary evidence in support of the remittance.

7. The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.

8. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Accounts as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue and the refund amount shall be transferred to the Refund Account.

9. No later than 12 Working Days from the Bid Closing Date, the Registrar to the Issue shall despatch all refund amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for Allotment to such Bidders.

10. Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts will not be accepted. Cash/ stockinvest/money orders/postal orders will not be accepted. Please note that cheques without the nine digit Magnetic Ink Character Recognition ("**MICR**") code are liable to be rejected.

11. Bidders are advised to provide the number of the Bid cum Application Form on the reverse of the cheque or bank draft to avoid misuse of instruments submitted with the Bid cum Application Form.

Payment by cash/ stockinvest/ money order

Payment through cash/ stockinvest/ money order shall not be accepted in this Issue.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms, by non-ASBA Bidders, duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. With regard to submission of Bid cum Application Forms by ASBA Bidders, see "*Bid cum Application Form*" on page 332.

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 members of the Syndicate will, after the Bid has been uploaded, acknowledge the uploading of the Bid cum Application Forms or Revision Forms by stamping the date and time 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. In case of ASBA Bids, an acknowledgement from the Designated Branch or concerned member of the Syndicate, as the case may be, for submission of the Bid cum Application Form by an ASBA Bidder may be provided.

OTHER INSTRUCTIONS

Bids on behalf of joint Bidders

In case a Bid cum Application Form is submitted on behalf of joint Bidders, the signature of only the First Bidder would be required and the First Bidder should mention his/ her PAN. All payments will be made out in favour of the First Bidder and all communications will be addressed to the First Bidder and dispatched to his or her address as per the Demographic Details received from the Depository. The First Bidder would have deemed to have signed on behalf of joint holders and would give requisite confirmation(s) on behalf of joint Bidders as provided in the Bid cum Application Form. The First Bidder shall be liable for all the obligations arising in relation to the Issue.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. In this regard, all Bids will be checked for common PAN as per Depository records and all such bids will be treated as multiple Bids and are liable to be rejected.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. Bids by QIBs under the Anchor Investor Portion and the Net QIB Portion will not be considered as multiple Bids.

For Bids from Mutual Funds and FII sub-accounts, which are 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 are scrutinised for DP ID and Client ID. In case such Bids bear the same DP ID and Client ID, these will be treated as multiple Bids and will be rejected.

After submitting an Bid cum Application Form either in physical or electronic mode, where such ASBA Bid is uploaded with the Stock Exchanges, an ASBA Bidder cannot Bid, either in physical or electronic mode, on another Bid cum Application Form. Submission of a second Bid cum Application Form to either the same or to another Designated Branch of the SCSB or to any member of the Syndicate, will be treated as multiple Bids and will be liable to be rejected either before entering the Bid into the electronic Bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in the Issue. Duplicate copies of Bid cum Application Forms available on the website of the Stock Exchanges bearing the same application number will be treated as multiple Bids and are liable to be rejected. 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 Bid cum Application Forms from such ASBA Bidders with respect to any single ASBA Account. However, an ASBA Bidder may revise the Bid through the Revision Form.

Our Company, in consultation with the BRLMs, reserve the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number or PAN

Except for Bids by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, the Bidder 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. 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**.

However, the exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Bids, the Registrar will check under the Depository records for the appropriate description under the PAN field i.e. either Sikkim category or exempt category.

Withdrawal of ASBA Bids

QIBs cannot withdraw their Bids after the QIB Bid Closing Date.

ASBA Bidders can withdraw their Bids during the Bidding Period by submitting a request for the same to the concerned SCSB or the concerned member of the Syndicate, as applicable, who shall do the requisite, including deletion of details of the withdrawn Bids from the electronic Bidding system of the Stock Exchanges. Further the SCSBs shall unblock the funds in the ASBA Account either directly or at the instruction of the member of the Syndicate.

In case an ASBA Bidder (other than a QIB) wishes to withdraw the Bid after the Bid Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalization of Allotment. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file and give instruction to the SCSB for unblocking the ASBA Account after approval of the 'Basis of Allotment'.

REJECTION OF BIDS

Our Company has a right to reject Bids based on technical grounds. In case of QIBs, other than Anchor Investors, Bidding through Syndicate ASBA, the BRLMs may reject Bids at the time of acceptance of the Bid cum Application Form provided that the reasons for such rejection shall be disclosed to such Bidder in writing. In case of Non-Institutional Bidders, Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion, our Company has a right to reject Bids based on technical grounds only. Consequent refunds shall be made through any of the modes described in the Red Herring Prospectus and will be sent to the Bidder's address, where applicable, at the sole/first Bidder's risk. In relation to all ASBA Bidders, SCSBs shall have no right to reject Bids, except on technical grounds or in the event that if at the time of blocking the Bid Amount in the ASBA Account, the SCSB ascertains that sufficient funds are not available in the Bidder's ASBA Account. Further, in case any DP ID, Client ID or PAN mentioned in the Bid cum Application Form and as entered into the electronic Bidding system of the Stock Exchanges by the members of the Syndicate and the SCSBs, as the case may be, does not match with one available in the depository's database, such ASBA Bid shall be rejected by the Registrar to the Issue. Subsequent to the acceptance of a Bid by way of ASBA by the SCSB, our Company would have a right to reject such Bids by way of ASBA only on technical grounds.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on technical grounds including:

- Bid submitted without payment of the entire Bid Amount or if the amount paid does not tally with the Bid Amount;
- Bids submitted by Retail Individual Bidders, wherein the Bid Amount exceeds Rs. 200,000 upon revision of Bids;
- Bids submitted by Retail Individual Bidders which do not contain details of the Bid Amount in the Bid cum Application Form;
- Application submitted on a plain paper;
- Submission of more than five Bid cum Application Forms per ASBA Account;
- Bids by HUFs not mentioned correctly as given in 'Who can Bid';
- 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. However a limited liability partnership firm can apply in its own name;
- Bids by person not competent to contract under the Contract Act;
- Bids by persons, other than Eligible Employees, in the Employee Reservation Portion;
- Category not indicated;
- Signature of First/sole Bidder 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;

- PAN not mentioned in the Bid cum Application Form, except for Bids by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim provided such claims have been verified by the Depository Participants, DP ID and Client ID not mentioned in the Bid cum Application Form;

- GIR number furnished instead of PAN;

- Bids by persons for whom PAN details have not been verified and whose beneficiary accounts are 'suspended for credit' in terms of SEBI circular (reference number: CIR/MRD/DP/ 22 /2010) dated July 29, 2010;

- Bids by OCBs;

- 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;

- Bids at Cut-off Price by Non-Institutional Bidders and QIBs;

- Bids by QIBs and Non-Institutional Bidders not submitted through ASBA;

- Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals;

- Bids for number of Equity Shares which are not in multiples of [•];

- Multiple bids as referred to in this Draft Red Herring Prospectus;

- Bids accompanied by stockinvest/money order/postal order/cash;

- Bid cum Application Forms not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;

- In case no corresponding record is available with the Depositories that matches three parameters namely, DP ID, Client ID and PAN;

- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations and applicable law;

- Bids where clear funds are not available in Escrow Accounts as per final certificates from Escrow Collection Banks;

- With respect to ASBA Bids, the ASBA Account not having credit balance to meet the application money or no confirmation is received from the SCSB for blocking of funds;

- Bids by persons prohibited from buying, selling or dealing in shares, directly or indirectly, by SEBI or any other regulatory authority;

- Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;

- Bids by persons in the U.S. other than in reliance of Regulation S under Securities Act;

- Bids not uploaded on the terminals of the Stock Exchanges;
- In case of Bid cum Application Forms submitted to the members of the Syndicate, if the SCSB whose name has been included in the Bid cum Application Form does not have a branch at the relevant Syndicate ASBA Bidding Locations, as displayed on the websites of SEBI, to accept the Bid cum Application Forms;
- Bid cum Application Form does not have the stamp of the member of Syndicate or Designated Branches (except for electronic ASBA Bids), as the case may be ; and
- Bids by QIBs uploaded after 4.00 p.m. on the QIB Bid Closing Date, Bids by Non-Institutional Bidders and Eligible Employees Bidding in the Employee Reservation Portion uploaded after 4.00 p.m. on the Bid Closing Date, and Bids by Retail Individual Bidders uploaded after 5.00 p.m. on the Bid Closing Date.

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 EXCHANGES BY THE SYNDICATE/THE SCSBs DO NOT MATCH WITH THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE RECORDS WITH THE DEPOSITARIES THE APPLICATION IS LIABLE TO BE REJECTED AND THE SELLING SHAREHOLDER, OUR COMPANY AND THE MEMBERS OF THE SYNDICATE SHALL NOT BE LIABLE FOR LOSSES, IF ANY.

FURTHER, BIDS BY PERSONS PROHIBITED FROM BUYING, SELLING OR DEALING IN THE EQUITY SHARES DIRECTLY OR INDIRECTLY BY SEBI OR ANY OTHER REGULATORY AUTHORITY WILL BE REJECTED.

For Bid cum Application Forms submitted by non-ASBA Bidders, the Basis of Allotment will be based on the Registrar's validation of the electronic Bid details with the Depository records, and the complete reconciliation of the final certificates received from the Escrow Collection Banks with the electronic Bid details in terms of SEBI circular CIR/CFD/DIL/3/2010 dated April 22, 2010 and SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011. The Registrar will undertake technical rejections based on the electronic Bid details and the Depository database. In case of any discrepancy between the electronic Bid data and the Depository records, our Company in consultation with the BRLMs, the Registrar and the Designated Stock Exchange, reserves the right to proceed as per the Depository records or treat such Bid as rejected.

For ASBA Bids submitted to the SCSBs, in terms of the SEBI circular CIR/CFD/DIL/3/2010 dated April 22, 2010, the Registrar will reconcile the compiled data received from the Stock Exchanges and all SCSBs, and match such data with the Depository database for correctness of DP ID, Client ID and PAN. In cases where any DP ID, Client ID and PAN mentioned in the Bid file does not match the one available in the Depository database, our Company reserves the right to proceed as per the Depository records for such ASBA Bids or treat such ASBA Bids as rejected. The Registrar will reject multiple ASBA Bids based on common PAN.

For ASBA Bids submitted to the members of the Syndicate at the Syndicate ASBA Bidding Locations, the Basis of Allotment will be based on the Registrar's validation of the electronic Bid details with the Depository records, and the complete reconciliation of the final certificates received from the SCSBs with the electronic bid details in terms of the SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011. The Registrar will undertake technical rejections based on the electronic Bid data and the Depository records. In case of any discrepancy between the electronic Bid data and the Depository records, our Company, in consultation with the Designated Stock Exchange, the BRLMs and the Registrar, reserves the right to proceed as per the Depository records or treat such ASBA Bid as rejected.

Equity Shares in Dematerialised Form with NSDL or CDSL

The Allotment shall be only in a de-materialised 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 agreements have been signed among our Company and the respective Depositories:

- Agreement dated January 12, 2011 among our Company, Registrar to the Issue and NSDL.

- Agreement dated December 16, 2010 among our Company, Registrar to the Issue and CDSL.

All Bidders can seek Allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

(a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.

(b) The Bidder must necessarily fill in the details (including the DP ID, Client ID and PAN) appearing in the Bid cum Application Form or Revision Form.

(c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

(d) Name in the Bid cum Application Form or Revision Form should be identical to that appearing in the account details in the Depository.

(e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form and Revision Form, it is liable to be rejected.

(f) 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.

(g) Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

(h) The trading of the Equity Shares would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

(i) Non transferable advice or refund orders will be directly sent to the Bidders by the Registrar.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or first Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate or the Designated Branch where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, ASBA 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 CANs, credit of Allotted Equity 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 relevant Designated Branch.

All grievances relating to the ASBA process may be addressed either to (i) the concerned member of the Syndicate and the relevant SCSB, in the event of a Bid submitted by an ASBA Bidder at any of the Syndicate ASBA Bidding Locations, or (ii) the Designated Branch of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidder, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application, in the event of a Bid submitted directly with a Designated Branch by an ASBA Bidder; in both cases with a copy to the Registrar to the Issue.

PAYMENT OF REFUND

Within 12 Working Days of the Bid Closing Date, the Registrar to the Issue will dispatch the refund orders for all amounts payable to unsuccessful Bidders (other than ASBA Bidders) and also any excess amount paid on Bidding, after adjusting for allocation/ Allotment to Bidders

In the case of Bidders other than ASBA Bidders, the Registrar to the Issue will obtain from the Depositories the Bidders' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Bidders in their Bid cum Application Forms. Accordingly, Bidders are advised to immediately update their details as appearing on the records of their Depository Participants. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay will be at the Bidders' sole risk and neither our Company, the Selling Shareholder, the Registrar to the Issue, the Escrow Collection Banks, or the members of the Syndicate, will be liable to compensate the 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 for Bidders other than ASBA Bidders

The payment of refund, if any, for Bidders other than ASBA Bidders would be done through any of the following modes:

1. NECS – Payment of refund 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 from the Depositories.

2. Direct Credit – Applicants having bank accounts with the Refund Bank (s), as per Demographic Details received from the Depositories, 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.

3. RTGS – Applicants having a bank account at any of the centres where such facility has been made available and whose refund amount exceeds Rs. 0.20 million, have the option to receive refund through RTGS provided the Demographic Details downloaded from the Depositories contain the nine digit MICR code of the Bidder‘s bank which can be mapped with the RBI data to obtain the corresponding Indian Financial System Code ("**IFSC Code**"). Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

4. NEFT – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the IFSC Code, which can be linked to an 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.

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched through speed post/ registered post. 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 cashing 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 shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Bid 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 CANs, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants within 12 Working Days of the Bid Closing Date. With respect to the ASBA Bidders, our Company shall ensure dispatch of CANs and/or unblocking of funds in the ASBA Account within 12 Working Days from the Bid Closing Date.

In case of applicants who receive refunds through NECS, direct credit or RTGS or NEFT, the refund instructions will be given to the clearing system within 12 Working Days from the Bid Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within 12 Working Days from Bid Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for commencement of trading at all the Stock Exchanges where the Equity Shares are listed are taken within 12 Working Days from the Bid Closing Date. The Selling Shareholder undertakes to provide such reasonable support and extend reasonable co-operation as may be requested by our Company to the extent such support and cooperation is required from such Party to facilitate the process of listing and commencement of trading of the Equity Shares on the Stock Exchanges.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, our Company further undertakes that:

- Allotment shall be made only in dematerialised form within 12 Working Days from the Bid Closing Date; and

- 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 12 Working Days from the Bid Closing Date would be ensured. With respect to the ASBA Bidders, instructions for unblocking of the ASBA Bidder's ASBA Account shall be made within 12 Working Days from the Bid Closing Date.

Adequate funds will be provided to the Registrar to the Issue to enable it to send refund orders or CANs advice by registered post/speed post. With regard to refunds, bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Our Company shall ensure that refund instructions are given to the Refund Banker or the SCSBs, as applicable, within 12 Working Days from the Bid Closing Date. Our Company and the Selling Shareholder (in the proportion of number of Equity Shares forming part of the Issue to the Equity Shares forming part of Offer for Sale) agree that they shall pay interest at the rate of 15% per annum if the refund orders have not been dispatched to the Bidders 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 within 15 days from the Bid Closing date.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

"Any person who:

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years."

BASIS OF ALLOTMENT

A. 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 category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.

- The Net Issue size less Allotment to Non-Institutional Bidders and QIBs shall be available for Allotment to Retail Individual Bidders who have Bid at a price that is equal to or greater than 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 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 at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of [•] Equity Shares. For the method of proportionate Basis of Allotment, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.

- The Net Issue size less Allotment to QIBs and Retail Individual Bidders shall be available for Allotment to Non-Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.

- In case the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [•] Equity Shares. For the method of proportionate Basis of Allotment refer below.

C. For QIBs in the Net QIB Portion

- Bids received from the QIBs Bidding in the Net QIB Portion at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the successful QIBs will be made at the Issue Price.

- The Net QIB Portion shall be available for Allotment to QIBs who have Bid 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 Net QIB Portion shall be determined as follows:

    (i) In the event that Bids by Mutual Fund exceeds 5% of the Net QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the Net QIB Portion.

    (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid Bids received above the Issue Price;

(iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds shall be available for Allotment to all QIBs as set out in (b) below;

(b) In the second instance Allotment to all QIBs shall be determined as follows:

(i) In the event of oversubscription in the Net QIB Portion, all QIBs who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the Net 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 QIBs;

(iii) Under-subscription below 5% of the Net QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIBs on a proportionate basis.

- The aggregate Allotment (other than spill over in case of under subscription in other categories) to QIBs Bidding in the Net QIB Portion may be up to [●] Equity Shares.

D. 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. 200,000. 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.

The value of Allotment to any Eligible Employee shall not exceed Rs. 200,000.

Bids received from the Eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this category.

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 Eligible Employees to the extent of their demand. The maximum bid under Employees Reservation Portion by an Eligible Employee cannot exceed Rs. 200,000.

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 [•] Equity Share thereafter. For the method of proportionate Basis of Allotment, refer below.

- Only Eligible Employees are eligible to apply under the Employee Reservation Portion.

E. For Anchor Investors

- Allocation of Equity Shares to Anchor Investors, if any, at the Anchor Investor Allocation Price will be at the discretion of our Company and the Selling Shareholder, 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 Anchor Investor Allocation Price;

  (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. 2,500 million and minimum number of five Anchor Investors for allocation more than Rs. 2,500 million.

In case the Issue Price is greater than Anchor Investor Allocation Price, the additional amount being the difference shall be paid by the Anchor Investors by the Pay-in Date. In the event the Issue Price is lower than the Anchor Investor Allocation Price, the Allotment to Anchor Investors shall be at Anchor Investor Allocation Price.

- The number of Equity Shares Allotted to Anchor Investors, if any, and the Anchor Investor Allocation Price shall be made available in the public domain by the BRLMs before the Bid 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 and the BRLMs shall finalise the Basis of Allotment in consultation with the Designated Stock Exchange. The executive 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 finalised in a fair and proper manner in accordance with the SEBI Regulations.

The allocation shall be made in marketable lots, on a proportionate basis as explained below:

a) Bidders will be categorised according to the number of Equity Shares applied for.

b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

c) The number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

d) In all Bids where the proportionate Allotment is less than [•] Equity Shares per Bidder, the Allotment shall be made as follows:

    - 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

    - Each successful Bidder shall be allotted a minimum of [•] Equity Shares.

e) If the proportionate Allotment to a Bidder is a number that is more than [•] but is not a multiple of one (which is the marketable 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 in such categories would be arrived at after such rounding off.

f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Allotted 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.

g) 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.

Illustration of Allotment to QIBs and Mutual Funds (“MF”)

Issue details

Particulars	Issue details
Issue size	202 million equity shares
Employee Reservation Portion	2 million equity shares
Net Issue size	200 million equity shares
Allocation to QIB (not more than 50% of the Issue)	100 million equity shares
Of which:	
a. Reservation For Mutual Funds, (5%)	5 million equity shares
b. Balance for all QIBs including Mutual Funds	95 million equity shares
Number of QIB applicants	10
Number of Equity Shares applied for	500 million equity shares

Details of QIB Bids

S. No.	Type of QIBs	No. of shares bid for (in million)
1.	A1	50
2.	A2	20
3.	A3	130
4.	A4	50
5.	A5	50
6.	MF1	40
7.	MF2	40
8.	MF3	80
9.	MF4	20
10.	MF5	20
11.	**Total**	**500**

* *A1-A5: (QIBs other than Mutual Funds), MF1-MF5 (QIBs which are Mutual Funds) Details of Allotment to QIBs Applicants*

Type of QIB	Shares bid for	Allocation of 5% Equity Shares	Allocation of 95% Equity Shares	Aggregate allocation to Mutual Funds
(I)	(II)	(III)	(IV)	(V)
	(Number of equity shares in million)			
A1	50	0	9.60	0
A2	20	0	3.48	0
A3	130	0	24.95	0
A4	50	0	9.60	0
A5	50	0	9.60	0
MF1	40	1	7.48	8.48
MF2	40	1	7.48	8.48
MF3	80	2	14.97	16.97
MF4	20	0.5	3.74	4.24
MF5	20	0.5	3.74	4.24
	500	**5**	**95**	**42.41**

Please note:

1. The illustration presumes compliance with the requirements specified in this DRHP in the section titled "*Issue Structure*" at page 325.

2. Out of 100 million Equity Shares allocated to QIBs, 5 million (i.e., 5%) will be Allotted on a proportionate basis among five Mutual Fund applicants who applied for 200 million Equity Shares in the QIB Portion.

3. The balance 95 million Equity Shares i.e., 100 -5 (available for Mutual Funds only) will be Allotted on a proportionate basis among 10 QIBs who applied for 500 million Equity Shares (including 5 Mutual Fund applicants who applied for 200 million Equity Shares).

4. The figures in the fourth column entitled "Allocation of balance 95 million Equity Shares to QIBs proportionately" in the above illustration are arrived at as explained below:

    - For QIBs other than Mutual Funds (A1 to A5) = Number of Equity Shares Bid for × 95/495

    - For Mutual Funds (MF1 to MF5) = (No. of shares bid for (i.e., in column II of the table above) less Equity Shares Allotted (i.e., column III of the table above) × 95/495

    - The numerator and denominator for arriving at the allocation of 95 million Equity Shares to the 10 QIBs are reduced by 5 million shares, which have already been Allotted to Mutual Funds in the manner specified in column III of the table above.

Refund Orders or instructions to the SCSBs

The Registrar to the Issue shall give instructions for credit to the beneficiary account with depository participants within 12 Working Days from the Bid 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 and NEFT. Our Company shall ensure dispatch of refund orders through registered post or speed post at the sole or first Bidder's sole risk within 12 Working Days from the Bid Closing Date. Applicants 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 Closing Date. 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 Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Bid Closing Date.

UNDERTAKINGS BY THE SELLING SHAREHOLDER:

The Selling Shareholder undertakes the following:

- That the Equity Shares being sold pursuant to the Offer for Sale, have been held by them for a period of at least one year from the date of this DRHP and that the Equity Shares being sold pursuant to the Offer for Sale are free and clear of any liens and encumbrances, and shall be transferred to the successful Bidders within the specified time;

- That all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within three Working Days of finalisation of the basis of Allotment;

- That the Selling Shareholder shall not have recourse to the proceeds of the Offer for Sale until the approval for the trading of the Equity Shares from the Stock Exchanges has been received;

- That complaints received in respect of this Issue shall be dealt with expeditiously and satisfactorily;

- That it shall be ensured that dispatch of share certificates/refund orders and demat credit is completed and the allotment and listing documents shall be submitted to the Stock Exchanges within two Working Days of the date of Allotment;

- That the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Selling Shareholder;

- That the refund orders or CANs to the Non-Resident Bidders shall be dispatched within the specified time;

- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 Working Days of the Bid Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

- That adequate arrangements shall be made to collect all Bid cum Application Forms submitted by ASBA Bidders and to consider them similar to non-ASBA applications while finalising the basis of Allotment; and

- The Selling Shareholder shall pay interest at 15% per annum, 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 15 days from the Bid Closing Date.

UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

- That the complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily;

- That all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within three Working Days of finalisation of the basis of Allotment;

- That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by our Company;

- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 Working Days of the Bid Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

- That the refund orders or CANs to the Non-Resident Bidders shall be dispatched within the specified time;

- That no further issue of Equity Shares shall be made till the Equity Shares offered through the RHP are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.; and

- That adequate arrangements shall be made to collect all Bid cum Application Forms and to consider them similar to non-ASBA applications while finalising the basis of Allotment.

- Our Company shall pay interest at 15% per annum, 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 15 days from the Bid Closing Date.

Utilisation of Issue proceeds

Our Company declares 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 utilised out of Fresh 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 utilised;

- Details of all unutilised monies out of the Fresh 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; and

- Our Company shall not have recourse to the proceeds of the Issue until the final listing and trading approvals from all the Stock Exchanges have been obtained.

- The Selling Shareholder shall not have recourse to the proceeds of the Offer for Sale until the final listing and trading approvals from all the Stock Exchanges have been obtained.

Withdrawal of the Issue

Our Company and the Selling Shareholder, in consultation with the BRLMs, reserve the right to not proceed with the Issue anytime after the Bid Opening Date but before the 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, providing reasons for not proceeding with the Issue. Our Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed and the BRLMs through the Registrar shall notify the SCSBs to unblock the ASBA Account within one Working Day from the date of such notification.

Any further issue of Equity Shares by our Company shall be in compliance with applicable laws.

If our Company withdraws the Issue after the Bid Closing Date, our Company shall be required to file a fresh draft red herring prospectus with SEBI.

SECTION VIII – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies Act and the SEBI Regulations, the main provisions of our Articles relating to, inter alia, 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 each provision herein below is numbered as per the corresponding article number in our Articles and capitalized/defined terms herein have the same meaning given to them in our Articles.

No regulation contained in Table "A" in the First Schedule to Companies Act apply to our Company but the regulations for the management of our Company and for the observance of the members thereof and their representatives shall be as set out in the relevant provisions of the Companies Act and subject to any exercise of the statutory powers of our Company with reference to the repeal or alteration of or addition to its regulations by special resolution as prescribed by the Companies Act as are contained in the Articles unless the same are repugnant or contrary to the provisions of the Companies Act.

Capital		
3	(a)	The Authorised Share Capital of the Company shall be such amount as may be mentioned in Clause V of Memorandum of Association of the Company from time to time.
	(b)	The minimum paid up Share capital of the Company shall be Rs. 500,000 or such other higher sum as may be prescribed in the Act from time to time
Increase of Capital by the Company and how carried into effect.		
4		The Company in General Meeting may, from time to time, by an ordinary resolution increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, any shares of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting, resolving upon the creation thereof, shall direct, and if no direction be given, as the Directors shall determine and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of the assets of the Company and with a right of voting at General Meetings of the Company in conformity with Section 87 of the Act. Whenever the Capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of the Act.
5		Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.
6		Subject to the provisions of the Act and these Articles, the shares/securities (whether Equity or Preference) shall be under the control of the Directors who may allot, forfeit or otherwise dispose of the same to such persons, on such terms and conditions and at such times as Directors think fit either at premium or at par or at discount, and with full power to give any person the option to call for or be allotted shares of any class of the company either at premium or at par or at discount, such option being exercisable at such times and for such consideration as the Board thinks fit.
Buy-Back of shares		
9	(a)	Pursuant to Section 77A of the Act, the Company may purchase its own shares or other specified securities out of its free reserves or out of its securities premium account or out of the proceeds of an earlier issue other than fresh issue of shares made specifically for buy-back purposes by passing a special resolution in the General Meeting of the Company.
	(b)	Notwithstanding anything contained in these Articles, the Board of Directors may, when and if thought fit, buy-back such of the Company's own shares or securities, subject to such limits, upon such terms and conditions and subject to such approvals, as may be permitted under Section 77A of the Act and the applicable guidelines and regulations that may be issued in this regard.
		Provided that nothing in this clause shall be taken to prohibit:
	(i)	the provision by the Company, in accordance with any scheme for the time being in force, of money for the purchase of, or subscription for fully paid shares in the Company or its holding company, being a purchase or subscription by trustees of or for shares to be held by or for the benefit of employees of the Company, including any Director holding a salaried office or

		employment in the Company; or
	(ii)	the making by the Company of loans, within the limit laid down in subsection (3) of Section 77 of the Act, to persons (other than Directors or Managers) bonafide in the employment of the Company, with a view to enabling those persons to purchase or subscribe for fully paid shares in the Company or its holding Company to be held by themselves by way of beneficial ownership.
	(c)	No loan made to any person in pursuance of clause (ii) of the foregoing proviso shall exceed in amount, his salary or wages at that time for a period of six months.
Reduction of Capital		
10		The Company may from time to time by special resolution, subject to confirmation by the court and subject to the provisions of Sections 78, 80 and 100 to 104 of the Act, reduce its share capital and any Capital Redemption Reserve Account or Securities Premium Account in any manner for the time being authorised by law and in particular without prejudice to the generality of the foregoing power may by:
	(a)	extinguishing or reducing the liability on any of its shares in respect of Share Capital not paid-up;
	(b)	either with or without extinguishing or reducing liability on any of its shares, cancel paid-up share capital which is lost or is unrepresented by available assets; or
	(a)	either with or without extinguishing or reducing liability on any of its shares, pay off any paid-up share capital which is in excess of the wants of the Company; and may, if and so far as is necessary, alter its Memorandum, by reducing the amount of its share capital and of its shares accordingly.
Consolidation, Division and Sub-Division		
12		Subject to the provisions of Section 94 of the Act, the Company in general meeting may, from time to time, sub-divide or consolidate its shares, or any of them, and the resolution whereby any share is subdivided, may determine that, as between the holders of the shares resulting from such sub division, one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the other or others. Subject as aforesaid the Company in general meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.
Power to issue shares		
15	(a)	Where at any time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares either out of the unissued capital or out of the increased share capital then:
	(i)	such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the company, in proportion, as nearly as circumstances admit, to the capital paid up on those shares at that date;
	(ii)	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;
	(iii)	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 (ii) hereof shall contain a statement of this right; PROVIDED THAT the Directors 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; and
	(iv)	After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think fit, in their sole discretion;
	(b)	Notwithstanding anything contained in sub-clause a(i) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (i) of sub-clause (a) hereof) in any manner whatsoever:
	(i)	if a special resolution to that effect is passed by the company in General Meeting; or
	(ii)	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 (including the casting vote, if any, of the Chairman) 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 of Directors in this behalf that the proposal is most beneficial to the company.
	(c)	Nothing in sub-clause (iii) of (a) hereof shall be deemed:
	(i)	to extend the time within which the offer should be accepted; or
	(ii)	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.
	(d)	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 debenture 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:
	(i)	either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and
	(ii)	in the case of debentures or loans other than debentures issued to, or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in General Meeting before the issue of the debentures or raising of the loans.
	(e)	In addition to and without derogating from the powers for that purpose conferred on the Board under Article 16 the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any shares (whether forming part of the original capital or of any increased capital of the company) shall be offered to such persons (whether members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount, as such General Meeting shall determine and with full power to give any persons (whether members or not) the option to call for or be allotted shares of any class of the Company either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount as the meeting shall determine and with full power to give any person (whether a member or not) the option of any class of the Company either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment or disposal of any shares.
Liability of Members		
20		Every Member, or his heirs, executors, administrators, or legal 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 on date fixed for the payment thereof.
Registration of shares		
21		Shares may be registered in the name of any limited company or other corporate body but not in the name of a firm, an insolvent person or a person of unsound mind.
Share Certificates		
22	(a)	Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors 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 two months of the receipt of application for 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 directors 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 more than one certificate and delivery of a certificate of shares to one of

		several joint holders shall be sufficient delivery to all such holder. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against letter of acceptance or of renunciation or in cases of issue of bonus shares. Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose and two Directors or their attorneys and the Secretary or other person shall sign the share certificate, provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or whole-time Director. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued, indicating the date of issue.
	(b)	Any two or more joint allottees of shares shall, for the purpose of this Article, be treated as a single member, and the certificate of any shares which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupee One. The Company shall comply with the provisions of Section 113 of the Act.
	(c)	A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.
23	(a)	If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.
		Provided that notwithstanding what is stated above the Directors 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 Securities Contracts (Regulation) Act, 1956, or any other Act, or rules applicable in this behalf.
24	(a)	If any share stands in the names of two or more persons, the person first named in the Register shall as regard receipts of dividends or bonus or service of notices and all or any other matter connected with the Company except voting at meetings, and the transfer of the shares, be deemed sole holder thereof but the joint-holders of a share shall be severally as well as jointly liable for the payment of all calls and other payments due in respect of such share and for all incidentals thereof according to the Company's regulations.
	(b)	The Company shall not be bound to register more than three persons as the joint holders of any share.
25		Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise any equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof but the Board shall be at liberty at its sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.
26		If by the conditions of allotment of any share the whole or part of the amount or issue price thereof shall be payable by instalment, 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 share or his legal representative.
Calls		
30	(1)	The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board and not by a circular resolution, make such calls as it thinks fit, upon the Members in respect of all the moneys unpaid on the shares held by them respectively and each Member shall pay the amount of every call so made on him to the persons and at the time and places

		appointed by the Board.
	(2)	A call may be revoked or postponed at the discretion of the Board.
	(3)	A call may be made payable by instalments.
31		Fifteen days' notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call shall be paid.
32		A call shall be deemed to have been made at the time when the resolution of the Board of Directors authorising such call was passed and may be made payable by the members whose names appear on the Register of Members on such date or at the discretion of the Directors on such subsequent date as may be fixed by Directors.
33		Whenever any calls for further share capital are made on shares, such calls shall be made on uniform basis on all shares falling under the same class. For the purposes of this Article shares of the same nominal value of which different amounts have been paid up shall not be deemed to fall under the same class.
34		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 on account of the residence at a distance or other cause, which 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.
35		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 not exceeding 21% per annum but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.
36		If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by instalments at fixed time (whether on account of the amount of the share or by way of premium) every such amount or instalment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or instalment accordingly.
37		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, if 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 is alleged to have become due on the share in respect of which such money is sought to be recovered in the Minute Books: 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 was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.
38		Neither a judgement nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member of 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 forfeiture of such shares as hereinafter provided.
39	(a)	The Board may, if it thinks fit, subject to provisions of Section 92 of the Act, agree to and receive from any Member willing to advance the same, all or any part of the amounts of his respective shares beyond the sums, actually called up and upon the moneys so paid in advance, or upon so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made the Board may pay or allow interest, at such rate as the member paying the sum in advance and the Board agree upon. The Board may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to the Member three months' notice in writing: provided that moneys paid in advance of calls on shares may carry interest but shall not confer a right to dividend or to participate in profits.
	(b)	No Member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable. The provisions of this Article shall mutatis mutandis apply to calls on debentures issued by the Company.

Lien		
40		Fully paid shares shall be free from all lien and that in the case of partly paid shares the Company's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares. The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.
41		For the purpose of enforcing such lien the Directors may sell the shares subject thereto in such manner as they shall think fit, but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member or the person (if any) entitled by transmission to the shares and default shall have been made by him in payment, fulfilment of discharge of such debts, liabilities or engagements for seven days after such notice. To give effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser thereof and purchaser shall be registered as the holder of the shares comprised in any such transfer. Upon any such sale as the Certificates in respect of the shares sold shall stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new Certificate or Certificates in lieu thereof to the purchaser or purchasers concerned.
42		The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.
Forfeiture and surrender of shares		
43		If any Member fails to pay the whole or any part of any call or instalment or any moneys due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same, the Directors may, at any time thereafter, during such time as the call or instalment or any part thereof or other moneys as aforesaid remains unpaid or a judgement or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such Member or on the person (if any) entitled to the shares by transmission, requiring him to pay such call or instalment of such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all reasonable expenses (legal or otherwise) that may have been accrued by the Company by reason of such non-payment. Provided that no such shares shall be forfeited if any moneys shall remain unpaid in respect of any call or instalment or any part thereof as aforesaid by reason of the delay occasioned in payment due to the necessity of complying with the provisions contained in the relevant exchange control laws or other applicable laws of India, for the time being in force.
44		The notice shall name a day (not being less than fourteen days from the date of notice) and a place or places on and at which such call or instalment and such interest thereon as the Directors shall determine from the day on which such call or instalment ought to have been paid and expenses as aforesaid are to be paid. The notice shall also state that, in the event of the non-payment at or before the time and at the place or places appointed, the shares in respect of which the call was made or instalment is payable, will be liable to be forfeited.
45		If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at any time thereafter but before payment of all calls or instalments, interest and expenses, due in respect thereof, be forfeited by resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.
46		When any shares have been 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.
47		Any shares so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person,

		upon such terms and in such manner as the Board in their absolute discretion shall think fit.
48		Any Member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand all calls, instalments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment, at such rate as the Board may determine and the Board may enforce the payment of the whole or a portion thereof as if it were a new call made at the date of the forfeiture, but shall not be under any obligation to do so.
49		The forfeiture shares shall involve extinction at the time of the forfeiture, of all interest in all claims and demand 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.
50		A declaration in writing that the declarant is a Director or Secretary of the Company and that shares in the Company have been duly forfeited in accordance with these articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.
51		The Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposition thereof and the person to whom such share is sold, re-allotted or disposed of may be registered as the holder of the share and he shall not be bound to see to the application of the consideration: if any, nor shall his title to the share be affected by any irregularly or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the shares.
52		Upon any sale, re-allotment or other disposal under the provisions of the preceding Article, 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.
53		In the meantime and until any share so forfeited shall be sold, re-allotted, or otherwise dealt with as aforesaid, the forfeiture thereof may, at the discretion and by a resolution of the Directors, be remitted as a matter of grace and favour, and not as was owing thereon to the Company at the time of forfeiture being declared with interest for the same unto the time of the actual payment thereof if the Directors shall think fit to receive the same, or on any other terms which the Director may deem reasonable.
54		The Directors may, subject to the provisions of the Act, accept a surrender of any share from or by any Member desirous of surrendering on such terms the Directors may think fit.
Transfer and Transmission of shares		
55	(a)	The instrument of transfer of any share in or debenture of the Company shall be executed by or on behalf of both the transferor and transferee.
	(b)	The transferor shall be deemed to remain a holder of the share or debenture until the name of the transferee is entered in the Register of Members or Register of Debenture holders in respect thereof.
56		A common form of transfer shall be used. The instrument of transfer of any share or debenture shall be in writing and all the provisions of Section 108 and statutory modification thereof including other applicable provisions of the Act shall be duly complied with in respect of all transfers of shares or debenture and registration thereof.
57		The Company shall not register a transfer in the Company unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee, has been delivered to the Company along with the certificate relating to the shares or if no such share certificate is in existence along with the letter of allotment of the shares: Provided that where, on an application in writing made to the Company by the transferee and bearing the stamp, required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit, provided further that nothing in this Article shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares in the Company has been transmitted by operation of law.
58		Subject to the provisions of Section 111 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may refuse, whether in pursuance of any power of the Company under these Articles or otherwise at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares or the transmission by operation of law of the right to, any shares or interest of a Member in or

		debentures of the Company. The Company shall, within one month from the date on which the instrument of transfer or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal, 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 where the Company has a lien on shares. However, no transfer of shares/debentures shall be refused on the ground of them not being held in marketable lots.
59		If the Company refuses to register the transfer of any share or transmission of any right therein, the Company shall within one month from the date on which the instrument of transfer or intimation of transmission was lodged with the Company, send notice of refusal to the transferee and transferor or to the person giving intimation of the transmission, as the case may be, and there upon the provisions of Section 111 of the Act or any statutory modification thereof for the time being in force shall apply.
60		No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and letter of administration, Certificate of Death or Marriage, Power of Attorney or similar other document with the Company.
61		Subject to the provisions of Section 154 of the Act, the registration of transfers may be suspended at such times and for such periods as the Board may, from time to time, determine. Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year or any statutory modification thereof.
62		The instrument of transfer shall after registration be retained by the Company and shall remain in its custody. All instruments of transfer which the Directors may decline to register shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all the transfer deeds with the Company after such period as they may determine.
63		Where an application of transfer relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.
		For this purpose the notice to the transferee shall be deemed to have been duly given if it is despatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.
64	(a)	On the death of a Member, the survivor or survivors, where the Member was a joint holder, and his legal representatives where he was a sole holder, shall be the only person recognised by the Company as having any title to his interest in the shares.
	(b)	Before recognising any executor or administrator or legal representative, the Board may require him to obtain a Grant of Probate or Letters Administration or other legal representation as the case may be, from some competent court in India. Provided nevertheless that in any case where the Board in its absolute discretion thinks fit, it shall be lawful for the Board to dispense with the production of Probate or letter of Administration or such other legal representation upon such terms as to indemnity or otherwise, as the Board in its absolute discretion, may consider adequate.
	(c)	Nothing in clause (a) above shall release the estate of the deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.
65		Subject to the provisions of the Act and these Articles, any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy, 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 Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of this title as the Director shall require either be registered as member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as Member in respect of such shares; provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance so he shall not be freed from any liability in respect of such shares. This clause is hereinafter referred to as the 'Transmission Clause'.
66		Subject to the provisions of the Act and these Articles, the Directors shall have the same right to

		refuse register a person entitled by the transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.
67		Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.
68		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 or Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same 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 referred thereto in any book of the Company and the Company shall not be bound or require to regard or attend or give effect to any notice which may be given to them of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Directors shall so think fit.
69		In the case of any share registered in any register maintained outside India the instrument of transfer shall be in a form recognised by the law of the place where the register is maintained but subject thereto shall be as near to the form prescribed in Article 54 hereof as circumstances permit.
70		No transfer shall be made to an insolvent or person of unsound mind.
Nomination		
71	(i)	Notwithstanding anything contained in the articles, every holder of shares or debentures of the Company may, at any time, nominate a person in whom his/her shares or debentures shall vest in the event of his/her death and the provisions of Section 109A and 109B of the Companies Act, 1956 shall apply in respect of such nomination.
	(ii)	No person shall be recognised by the Company as a nominee unless an intimation of the appointment of the said person as nominee has been given to the Company during the lifetime of the holder(s) of the shares or debentures of the Company in the manner specified under Section 109A of the Companies Act, 1956
	(iii)	The Company shall not be in any way responsible for transferring the shares and/or debentures consequent upon such nomination.
	(iv)	If the holder(s) of the shares or debentures survive(s) nominee, then the nomination made by the holder(s) shall be of no effect and shall automatically stand revoked.
72		A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-
	(i)	to be registered himself as holder of the share or debenture, as the case may be; or
	(ii)	to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debentureholder, could have made;
	(iii)	if the nominee elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder as the case may be;
	(iv)	a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the share or debenture except that he shall not, before being registered as a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.
		Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the share or debenture, until the requirements of the notice have been complied with.
Dematerialisation of shares		
73B		Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise or rematerialise its shares, debentures and other securities (both existing and future) held by it with the Depository and to offer its shares, debentures and other securities for

		subscription in a dematerialised form pursuant to the Depositories Act, 1996 and the Rules framed thereunder, if any;
73C		Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or to hold 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 security 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 of securities. Where a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of such information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security;
73D		All securities held by a Depository shall be dematerialised and shall be in a fungible form. Nothing contained in Sections 153, 153A, 153B, 187A, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners;
73E	(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 security on behalf of the beneficial owner;
	(ii)	Save as otherwise provided in (i) above, the Depository as a registered owner of the securities shall not have any voting rights or any other right in respect of the securities held by it;
	(iii)	Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a Depository.
73F		Notwithstanding anything to the contrary contained in these Articles, where the securities are held in a Depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies and discs.
73G		If a beneficial owner seeks to opt out of a Depository in respect of any security, the beneficial owner shall inform the Depository accordingly. The Depository shall, on receipt of the intimation as above, make appropriate entries in its record and shall inform the Company accordingly. The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be. The Company shall keep a register of transfers and shall have recorded therein fairly and distinctly, particulars of every transfer or transmission of any share held in material form. Nothing contained in these Articles shall apply to transfer of securities held in a Depository.
73H		Sections 83 and 108 of the Act not apply:
		Notwithstanding anything to the contrary contained in the Articles
	(i)	Section 83 of the Act shall not apply to the shares with a Depository;
	(ii)	Section 108 of the Act shall not apply to transfer of security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a Depository.
73I		The Register and Index of Beneficial Owner, maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index of Members and Security holders as the case may be for the purposes of these Articles.
73J		Notwithstanding anything contained in the Act or these Articles, where securities are dealt with in a Depository, the Company shall intimate the details of allotment of securities thereof to the Depository immediately on allotment of such securities.
73K		No stamp duty would be payable on shares and securities held in dematerialised form in any medium as may be permitted by law including any form of electronic medium.
73L		In case of transfer of shares, debentures and other marketable securities, where the Company has not issued any certificate and where such shares, debentures or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.
73M		Company to recognise the rights of registered Holders as also the beneficial Owners in the records of the Depository :

		Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share, as also the Beneficial Owner of the shares in records of the Depository as the absolute owner thereof as regards to receipt of dividend or bonus or service of notices and all or any other matters connected with the Company and accordingly, the Company shall not except as ordered by a Court of competent jurisdiction or as by law required be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.
Joint Holder		
74		Where two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint Shareholders with benefits of survivorship subject to the following and other provisions contained in these Articles:
	(a)	The Joint holders of any share shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such share.
	(b)	On the death of any such joint holders the survivor or survivors shall be the only person recognised by the Company as having any title to the share but the Board may require such evidence of death as it may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability of shares held by them jointly with any other person.
	(c)	Only the person whose name stands first in the Register of Members may give effectual receipts of any dividends or other moneys payable in respect of share.
	(d)	Only the person whose name stands first in the Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive documents from the Company and any such document served on or sent to such person shall deemed to be service on all the holders.
Conversion of shares into stock		
75		The Company may, by ordinary resolution in General Meeting (a) convert any fully paid-up shares into stock and (b) re-convert any stock into fully paid-up shares of any denomination.
76		The holders of stock may transfer the same or any part thereof in the same manner as and subject to the same regulation under which the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit, provided that, the Board may, from time to time, fix the minimum amount of stock transferable so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose.
77		The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, participation in profits, voting at meetings of the Company, and other matters, as if they hold the shares for which the stock arose.
78		Such of the regulations of the Company (other than those relating to share warrants), as are applicable to paid up share shall apply to stock and the words “share” and “shareholders” in those regulations shall include “stock” and “stockholders” respectively.
Meetings of Members		
85	(a)	The Company shall, in each year, hold, in addition to any other meetings, a General Meeting as its Annual General meeting, and shall specify the meeting as such in the notice calling it, and not more than 15 months shall elapse between the date of one Annual General Meeting of the Company and that of the next and the Annual General Meeting shall be held within six months of the expiry of its financial year. Provided that if the Registrar shall have, for any special reason, extended the time within which any Annual General Meeting shall be held, by a period not exceeding three month, then such Annual General Meeting may be held within such extended period.
	(b)	Every Annual General Meeting shall be called at a time during business hours and on such day (not being a public holiday) as the Directors may from time to time determine and it shall be held either at the Registered Office of the Company or at some other place within the City, town or village in which the Registered office is situated.
	(c)	The Statutory Meeting of the Company shall be held at such place and at such time (not less than one month nor more than six months from the date at which the Company is entitled to commence business) as the Directors may determine and in connection therewith, the Directors shall comply with the provisions of Section 165 of the Act.
86		All the General Meetings of the Company other than Annual General Meetings shall be called Extra-ordinary General Meetings.

87		The Directors may call an Extra-ordinary General Meeting whenever they think fit.
88	(a)	A General Meeting of the Company, Annual or Extraordinary and by whomsoever called, may be called by giving not less than 21 days clear notice in writing.
	(b)	A General Meeting may be called by giving shorter notice than that specified in clause (a) hereof if consent is accorded thereto (a) in the case of an Annual General Meeting by all the members entitled to vote thereto and (b) in case of any other general meeting, by members of the Company holding not less than ninety-five per cent of the total voting power exercisable at that meeting. Provided that where any members of the Company are entitled to vote only on some resolution or resolutions to be moved at a meeting and not on the others, those members shall be taken into account for the purpose of this clause in respect of the former resolution and not in respect of the latter.
89		No General Meeting, Annual or Extraordinary shall be competent to enter upon, discuss or transfer any business which has not been mentioned in the notice or notices upon which it was convened.
90		For all purposes the quorum at a general meeting shall be five members personally present. A body corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act.
91	(a)	The Chairman (if any) of the Board of Directors shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary. If there is no such Chairman of the Board of Directors, or if at any meeting he is not present within fifteen minutes of the time appointed for holding such meeting or if he is unable or unwilling to take the chair, then the Members present shall elect another Director as Chairman, and if no Director be present or if all the Directors present decline to take the chair then the Members present shall elect one of the members to be the Chairman of the meeting.
	(b)	No business, except the election of a Chairman, shall be discussed at any General Meeting whilst the Chair is vacant.
92		The Chairman with the consent of the Members may adjourn any Meeting from time to time and from place to place, 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 thirty days or more, notice of the adjourned meeting shall be given as in the case of original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment of or any business to be transacted at an adjourned meeting.
93		In the case of an equality of votes the Chairman shall both on a show of hands and on a poll (if any) have casting vote in addition to the vote or votes to which he may be entitled as a Member.
94		Any poll duly demanded on the election of Chairman of the meeting or any question of adjournment shall be taken at the meeting forthwith.
95		At any general meeting a resolution including a special resolution put to the vote at the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of a show of hands) demanded:
	(a)	by the Chairman; or
	(b)	by any member or members present in person or by proxy and having not less than one-tenth of the total voting power in respect of the resolution; or
	(c)	by any member or members present in person or by proxy and holding shares in the company on which an aggregate sum of not less than Rupees fifty thousand has been paid up.
96		A declaration by the Chairman that in pursuance of voting on a show of hands, a resolution has or has not been carried, either unanimously or by a particular majority, and any entry to that effect in the books containing the minutes of the proceedings of the meeting shall be conclusive evidence of the fact, without proof of the number or proportion of votes in favour or against such resolution.
97		The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.
Vote of Members		
98		No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of shareholders either upon a show of hands or upon a poll or be reckoned in a quorum 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 in regard to which the Company has exercised, any right or lien.

99		Subject to the provision 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 for the time being forming part of the capital of the company, every Member, not disqualified by the last preceding Article shall be entitled to be present, and to speak and to vote at such meeting, and on a show of hands every member present in person shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company, Provided, however, if any preference shareholder is present at any meeting of the Company, save as provided in clause (b) of sub-section (2) of Section 87 of the Act, he shall have a right to vote only on resolution placed before the meeting which directly affect the rights attached to his preference shares.
100		On a poll taken at a 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 uses.
101		If any Member is lunatic, minor, unsound mind or, idiot, the vote in respect of his/ her shares shall be cast by his/her legal guardian(s) may vote whether on a show of hands or on a poll vote by proxy, provided that such evidence of the authority of the person claiming to vote as shall be accepted by the Directors shall have been deposited at the office of the Company not less than forty eight hours before the time of holding a meeting.
102		Notwithstanding anything contained in the provisions of the Companies Act, 1956, and the Rules made there under, the Company may, and in the case of resolutions relating to such business as may be prescribed by such authorities from time to time, declare to be conducted only by postal ballot, shall, get any such business/ resolutions passed by means of postal ballot, instead of transacting the business in the General Meeting of the Company.
103		If there are joint holders of any shares, any one of such persons may vote at any meeting or appoint another person (whether a Member or not) as his proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the meeting and if more than one of the said persons remain present than the person whose name stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased Member in whose name share stands shall for the purpose of these Articles be deemed joints holders thereof.
104		Votes may be given either personally or by attorney or by proxy or in case of a company, by a representative duly Authorised as mentioned in Article 104.
105		A body corporate (whether a company within the meaning of the Act or not) may, if it is member or creditor of the Company (including being a holder of debentures) authorise such person by resolution of its Board of Directors, as it thinks fit, in accordance with the provisions of Section 187 of the Act to act as its representative at any Meeting of the members or creditors of the Company or debentures holders of the Company. A person authorised by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate as if it were an individual member, creditor or holder of debentures of the Company.
106	(a)	A member paying the whole or a part of the amount remaining unpaid on any share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of the moneys paid until the same would, but for this payment, become presently payable.
	(b)	A member is not prohibited from exercising his voting rights on the ground that he has not held his shares or interest in the Company for any specified period preceding the date on which the vote was taken.
107		Any person entitled under Article 65 (transmission clause) to transfer any share 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 provided he shall satisfy the Directors of his right to transfer such shares and give such indemnify (if any) as the Directors may require or the directors shall have previously admitted his right to vote at such meeting in respect thereof.
108		No Member personally present shall be entitled to vote on a show of hands unless such member is present by attorney or is a corporation present by proxy or a company present by a representative duly Authorised under the provisions of the Act in which case such attorney, proxy or representative may vote on a show of hands as if he were a Member of the Company. In the case of a company the production at the meeting of a copy of such resolution duly signed by a Director or Secretary of such company and certified by him as being a true copy of the

		resolution shall be accepted by the Company as sufficient evidence of the authority of the appointment.
109		Any member of the Company entitled to attend and vote at a Meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote on a poll, instead of himself PROVIDED ALWAYS THAT a proxy so appointed shall not have any right whatsoever to speak at the Meeting. Every notice convening a Meeting of the Company shall state that a member entitled to attend and vote is entitled to one or more proxies.
110		Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in any one of the forms set out in Schedule IX of the Act, or if the appointer is a body corporate be under its seal or be signed by any Officer or attorney duly Authorised by it.
111		A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the Member, or revocation of the proxy or of any power of attorney which such proxy 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 office before the meeting.
112		Every member entitled to vote at a Meeting of the Company according to the provisions of these Articles on any resolution to be moved thereof shall be entitled during the period beginning twenty-four hours before the time fixed for the commencement of the Meeting, to inspect proxies lodged, at any time during the business hours of the Company provided not less than three days notice in writing of the intention to inspect is given to the Company.
113		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, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.
114		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 time of taking a poll shall be the sole judge of the validity of every vote tendered at such poll.
115	(1)	Where by any provision contained in the Act or in these Articles special notice is required for any resolution, notice of the intention to move the resolution shall be given to the Company not less than fourteen days before the Meeting at which it is to moved exclusive of the day on which the notice is served or deemed to be served and the day of the meeting.
	(2)	The Company shall, immediately after the notice of the intention to move any such resolution has been received by it, give its members notice of the resolution in the same manner as it gives notice of the Meeting, or if that is not practicable, shall give them notice thereof either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by these presents not less than seven days before the Meeting.
	(3)	The following resolution shall require special notice:
	(a)	resolution under Section 225 of the Act at an Annual General Meeting for appointing a person as Auditor other than a retiring Auditor or providing expressly that a retiring Auditor shall not be re-appointed.
	(b)	resolution under Section 284 of the Act removing a Director before the expiry of his period of office.
	(c)	resolution under Section 284 of the Act appointing a Director in place of the Directors so removed
Dividends		
166		The profits of the Company subject to any special rights, relating thereto created or authorised to be created by these Articles and subject to the provisions of these Articles, Section 205 of the Act and the approval of the Board and shareholders, shall be divisible amongst the Members in proportion to the amount of capital paid-up on the shares held by them respectively, but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such shares shall rank for dividend accordingly.
167		The Company in General Meeting may declare a dividend to be paid to the Members, according to their rights and interests in the profits, but no larger dividend shall be declared than is recommended by the Board of Directors. The Company in General Meeting may, however declare a smaller dividend
168		The Directors, if in their opinion the position of the Company justifies, may from time to time, without the sanction of a General Meeting, pay interim dividend to one or more class of shareholders to the exclusion of others at rates which may be differing from class to class, and when declaring such dividends they should satisfy themselves that the preference or other

		shares (if any) which have prior claim in respect of payment of dividends, shall have their entire rated dividend at the time of final preparation of the accounts for the period.
169		No dividend shall be payable except out of the profits of the Company or any other undistributed profits and no dividend shall carry any interest as against the Company. In recommending and paying dividends the Directors shall comply with the provisions of Section 205, 206, 206A and 207 of the Act.
170		No dividend would be payable or be paid on amount paid-up in advance of calls.
171		A transfer of shares shall not pass the right to any dividend declared thereon before the registration of transfer
172		The Directors may, from time to time, make calls upon shares (subject to provisions of these Articles) in respect of any capital for the time being unpaid thereon and may determine that any dividends recommended by them instead of being paid or distributed in cash shall be applied in payment of such calls and thereupon subject to the sanction of the General Meeting such dividend shall without any further authority be so applied
173		Subject to the provisions of the Act, no Member shall be entitled to receive payment of any interest or dividend in respect of his share or shares whilst any money may be due or owing from him to the Company in respect of such share or shares, or otherwise however, either alone or jointly with any other person or persons, and the Directors may deduct from the interest of dividend payable to any shareholder, all sum or money so due from him to the Company.
174		Subject to the provisions of the Act, the Directors may retain the dividends payable upon shares in respect of which any person is, under the transmission clause, entitled to become a Member or which any person under the clause is entitled to transfer until such person shall become a Member in respect thereof. The provisions of this Article shall apply to any interest created in a share either by reason of transmission or by operation of law or otherwise.
175		The Directors may retain any dividend on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists
176		Subject to the provisions of the Act, unless otherwise directed by the Directors, any dividend may be paid by cheque or warrant sent by post to the registered address of the Member or person entitled. Every cheque or warrant so sent may be made payable to the order of the person to whom it is sent. Dividend on shares held jointly by two or more persons may be paid in the manner aforesaid to the first named joint-holders. Dividend on bearer share-warrants shall, however, be paid in the manner already provided for.
177		Any one of several persons who are registered as joint-holders of any share, any person or officer managing the business or affairs of the Member may give effectual receipts for all dividends and payments on account of dividends in respect of such shares, provided that the Company may in its discretion refuse to pay any money or deliver any property by way of dividend to any person other than the Member personally
178		Dividend shall be payable only to the shareholder whose name appears in the Register of Members on the particular date fixed by the Directors for this purpose while recommending the dividend, or to the order of such registered shareholder or to his bankers, or in case a share warrant has been issued in respect of any share to the bearer of such warrant or to his bankers.
179		Within the time prescribed by the Act from the declaration of dividend, the Company shall pay the dividend and send the dividend warrant to the shareholders except when it is prevented from doing so for the following reasons:
	(a)	Where the dividend could not be paid by reason of the operation of any law, or
	(b)	Where shareholder has given directions to the Company regarding the payment of the dividend and those directions cannot be complied with; or
	(c)	Where there is a dispute regarding the right to receive any dividend or,
	(d)	Where the dividend has been lawfully adjusted by the Company against any sum due to it from the shareholder; or
	(e)	Where for any other reason (which will include improper registered address of the shareholder resulting in non-delivery of postal articles posted to him by the Company to his registered address) the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.
180		The Company shall not be responsible for the loss of any cheque, dividend warrant or postal money order sent by post in respect of dividends whether by request or otherwise, at the registered address or addresses communicated to the office beforehand by the Member, or for any dividend lost to the Member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent recovery thereof by any other means.

181		Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called unpaid dividend of Orient Green Power Company Limited and transfer to the said account, the total, amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.
		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 general revenue account of the Central Government. A Claim to any money so transferred to the general revenue account may be preferred to the Central Government by the shareholders to whom the money is due.
		There shall be no forfeiture of unclaimed dividends before the claim becomes barred by law and the Company shall comply with all the provisions of Section 205-A of the Act in respect of unpaid or unclaimed divided.

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of the Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Red Herring Prospectus, delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at our Registered Office from 10.00 am to 4.00 pm on Working Days from the date of the Red Herring Prospectus until the Bid Closing Date.

Material Contracts to the Issue

1. Letters of appointment to the Book Running Lead Managers from our Company appointing them as the Book Running Lead Managers.

2. Issue Agreement between our Company, the Selling Shareholder and the Book Running Lead Managers dated December 29, 2011.

3. Agreement between our Company, the Selling Shareholder and Registrar to the Issue dated December December 29, 2011.

4. Escrow Agreement dated [•] amongst our Company, the Selling Shareholder, the Book Running Lead Managers, the Escrow Collection Banks and the Registrar to the Issue.

5. Syndicate Agreement dated [•] amongst our Company, the Selling Shareholder, the Book Running Lead Managers and the Syndicate Members.

6. Underwriting Agreement dated [•] amongst our Company, the Selling Shareholder, the Book Running Lead Managers and the Syndicate Members.

7. Agreement dated January 12, 2011 amongst NSDL, our Company and the Registrar to the Issue.

8. Agreement dated December 16, 2010 amongst CDSL, our Company and the Registrar to the Issue.

Material Documents

1. Our Memorandum and Articles of Association, as amended from time to time.

2. Our certification of incorporation.

3. Board resolutions in relation to the Issue dated December 19, 2011 and December 30, 2011.

4. Shareholders resolution in relation to the Issue dated December 23, 2011.

5. Board resolution of Selling Shareholder in relation to the Offer for Sale dated December 19, 2011.

6. Board resolution dated September 29, 2010 for appointment of our Chairman and Managing Director, Mr. Rajeev Sheth and Board resolution dated September 29, 2010 for appointment of our Joint Managing Director, Ms. Alpana Deo.

7. Report of the Auditor dated December 14, 2011 on the unconsolidated restated financial statement and consolidated restated financial statement prepared as per Indian GAAP and included in the DRHP under Financial Statements appearing at page 164 and 212, respectively.

8. Statement of Tax Benefits from the Auditor dated December 29, 2011.

9. Report of the IPO grading agency, [•], furnishing the rationale for its grading, to be disclosed in the Red Herring Prospectus.

10. Copies of annual reports of our Company for the years ended March 31, 2009, 2010 and 2011 and Audit Report for June 30, 2011.

11. Consent of the Auditor for inclusion of their reports on restated financial statements and auditors report on audited financial statements as at and for the Fiscals 2007, 2008, 2009, 2010 and 2011 and as of and for the three month period ended June 30, 2011, in the form and context in which they appear in this Draft Red Herring Prospectus.

12. Consent of the IPO grading agency, [•], for inclusion of their IPO grading report furnishing the rationale for its grading, in the form and context in which they will appear in the Red Herring Prospectus.

13. Consents of Bankers to the Company, Book Running Lead Managers, Syndicate Members, Registrar to the Issue, Bankers to the Issue/ Escrow Collection Bank(s), Domestic Legal Counsel to the Issue, Directors of our Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.

14. Applications dated [•] and [•] filed with the NSE and the BSE respectively for obtaining in-principle listing approvals.

15. In-principle listing approvals dated [•] and [•] received from the NSE and the BSE, respectively.

16. Due diligence certificate dated December 30, 2011 to the SEBI from the Book Running Lead Managers.

17. Memorandum of understanding between Tara Jewels Export Private Limited and M. Fabrikant & Sons dated November 15, 2002.

18. Agreement dated September 15, 2010 entered into between our Company and Tara Duniya Corporation for sale and purchase of shares of Tara (Hong Kong) Limited.

19. Non-compete agreement dated September 1, 2010 between our Company and Aarti Jewellers Private Limited.

20. Non-compete agreement dated September 1, 2010 between our Company and Divya Jewels International Private Limited.

21. Service agreement dated October 1, 2010 entered between our Company and Mr. Rajeev Sheth.

22. Service agreement dated October 1, 2010 entered between our Company and Ms. Alpana Deo.

23. Service agreement dated September 3, 2010 entered between our Company and Ms. Aarti Sheth.

24. Appointment letters dated April 1, 2010 and January 4, 2010 for appointment of Ms. Nalini Rajan and Mr. Vikram Raizada, respectively.

Any of the contracts or documents mentioned in this 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.

DECLARATION

1. DECLARATION BY THE COMPANY

We hereby declare that all relevant provisions of the Companies Act and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this DRHP is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all statements in this DRHP are true and correct.

SIGNED BY THE CHAIRMAN AND MANAGING DIRECTOR	SIGNED BY DIRECTOR (FINANCE)
______________________________	____________________________
MR. RAJEEV SHETH	**MS. NALINI RAJAN**

SIGNED BY THE DIRECTORS OF THE COMPANY

MR. RAJEEV SHETH	________________________________
MS. ALPANA DEO	________________________________
MS. AARTI SHETH	________________________________
MS. NALINI RAJAN	________________________________
MR. VIKRAM RAIZADA	________________________________
MR. SHANTI SAROOP KHINDRIA	________________________________
MR. RAJIV LOCHAN JAIN	________________________________
MR. NIKKHIL VAIDYA	________________________________
MR. RAKESH KALRA	________________________________

MS. FERN MALLIS	_________________

Date: ______________
Place: Mumbai

2. DECLARATION BY FABRIKANT H.K. TRADING LIMITED

We declare that all the relevant provisions of the Companies Act and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this DRHP is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all statements in this DRHP are true and correct.

SIGNED ON BEHALF OF FABRIKANT H.K. TRADING LIMITED

Date: ______________
Place: Mumbai