



**NAKSHATRA WORLD LIMITED**  
(formerly known as Gitanjali Brands Limited)

Our Company was incorporated on December 18, 1995, in Mumbai, Maharashtra, under the Companies Act, 1956, as amended (the “Companies Act 1956”), as a private limited company under the name ‘Gitanjali Plantations Private Limited’ with the Registrar of Companies, Mumbai, Maharashtra (the “RoC”). The name of our Company was changed to its present name, ‘Nakshatra World Limited’, pursuant to a fresh certificate of incorporation issued on November 11, 2016 by the RoC. For details of changes in name and registered office, see “History and Certain Corporate Matters” on page 136.

**Corporate Identity Number:** U01100MH1995PLC095425

**Registered Office:** A-1 7<sup>th</sup> Floor, Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra, India; **Tel:** (+91 22) 4035 4600; **Fax:** (+91 22) 4010 2005

**Contact Person:** Mr. Saurabh Deshpande, Company Secretary and Compliance Officer; **Tel:** (+91 22) 4010 2012; **Fax:** (+91 22) 4216 2366

**E-mail:** investors@nakshatra.world; **Website:** www.nakshatra.world

**PROMOTERS: GITANJALI GEMS LIMITED AND MR. MEHUL CHOKSI**

**INITIAL PUBLIC OFFERING OF UP TO 18,000,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH (THE “EQUITY SHARES”) OF NAKSHATRA WORLD LIMITED (FORMERLY KNOWN AS GITANJALI BRANDS LIMITED) (“NWL” OR “OUR COMPANY” OR “THE COMPANY” OR THE “ISSUER”) FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) (THE “ISSUE PRICE”), AGGREGATING UP TO ₹ [●] MILLION (THE “ISSUE”).**

OUR COMPANY MAY, IN CONSULTATION WITH THE BRLMS, OFFER A RESERVATION ON A COMPETITIVE BASIS FOR OUR EMPLOYEES (“EMPLOYEE RESERVATION”) IN ACCORDANCE WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE “SEBI ICDR REGULATIONS”). THE DETAILS OF ANY DISCOUNT TO THE RETAIL INDIVIDUAL INVESTORS AND THE ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION (THE “RETAIL DISCOUNT”) SHALL BE DISCLOSED IN THE RED HERRING PROSPECTUS PRIOR TO FILING IT WITH THE ROC. THE ISSUE LESS THE EMPLOYEE RESERVATION PORTION IS REFERRED TO AS THE NET ISSUE. THE ISSUE AND THE NET ISSUE WILL CONSTITUTE [●] % AND [●] %, RESPECTIVELY, OF THE POST-ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE PRICE BAND, ANY RETAIL DISCOUNT AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BRLMS AND WILL BE ADVERTISED IN THE [●] EDITION OF [●] (A WIDELY CIRCULATED ENGLISH NATIONAL DAILY NEWSPAPER), THE [●] EDITION OF [●] (A WIDELY CIRCULATED HINDI NATIONAL DAILY NEWSPAPER) AND THE [●] EDITION OF [●] (A WIDELY CIRCULATED MARATHI DAILY NEWSPAPER, MARATHI BEING THE REGIONAL LANGUAGE OF THE PLACE WHERE OUR REGISTERED OFFICE IS LOCATED) AT LEAST FIVE WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE AND SHALL BE MADE AVAILABLE TO BSE LIMITED (“BSE”) AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED (“NSE”, AND TOGETHER WITH BSE, THE “STOCK EXCHANGES”) FOR UPLOADING ON THEIR RESPECTIVE WEBSITES.

**THE FACE VALUE OF THE EQUITY SHARE IS ₹ 10 EACH**

In case of revision in the Price Band, the Bid/Issue Period will be extended for at least three additional Working Days (as defined herein) after revision of the Price Band subject to the Bid/Issue Period not exceeding a total of 10 Working Days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the 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 members of the Syndicate and by intimation to Self-Certified Syndicate Banks (“SCSBs”), the Registered Brokers, Registrar and Share Transfer Agents and Collecting Depository Participants.

In terms of Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended (the “SCRR”) the Issue is being made for at least 25% of the post-Issue paid-up Equity Share capital of our Company. The Issue is being made through the Book Building Process, in compliance with Regulation 26(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the “SEBI ICDR Regulations”) wherein 50% of the Issue will be allocated on a proportionate basis to Qualified Institutional Buyers (“QIBs”) (the “QIB Category”), provided that our Company, in consultation with the BRLMs, may allocate up to 60% of the QIB Category to Anchor Investors, on a discretionary basis (the “Anchor Investor Portion”), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price. Further, 5% of the QIB Category (excluding the Anchor Investor 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 Non-Institutional Investors and not less than 35% of the Issue will be available for allocation to Retail Individual Investors, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price. All investors (except Anchor Investors) shall participate in this Issue mandatorily through the Applications Supported by Blocked Amount (“ASBA”) process by providing details of their respective bank accounts which will be blocked by SCSBs. For details, see “Issue Procedure” on page 370.

**RISKS IN RELATION TO THE FIRST ISSUE**

This being the first public issue of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹ 10 and the Floor Price and Cap Price are [●] times and [●] times of the face value of the Equity Shares, respectively. The Issue Price (as determined and justified by our Company, in consultation with the BRLMs and as stated in “Basis for Issue Price” on page 96) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding 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 the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the 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 this Draft Red Herring Prospectus. Specific attention of the investors is invited to see “Risk Factors” on page 18.

**ISSUER’S ABSOLUTE RESPONSIBILITY**

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

**LISTING**

The Equity Shares issued through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. We have received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. For the purposes of this Issue, [●] is the Designated Stock Exchange. A copy of the Red Herring Prospectus and the Prospectus shall be delivered for registration to the RoC in accordance with Section 26(4) of the Companies Act, 2013.

**BOOK RUNNING LEAD MANAGERS**

**REGISTRAR TO THE ISSUE**



**IDBI Capital Markets & Securities Limited**  
(formerly known as IDBI Capital Market Services Limited)  
3<sup>rd</sup> Floor, Mafatlal Centre  
Nariman Point  
Mumbai 400 021  
Maharashtra, India  
**Tel:** (+91 22) 4322 1212  
**Fax:** (+91 22) 2285 0785  
**E-mail:** nwl ipo@idbicapital.com  
**Investor Grievance E-mail:** redressal@idbicapital.com  
**Website:** www.idbicapital.com  
**Contact Person:** Ms. Astha Daga  
**SEBI Registration No.:** INM000010866

**Elara Capital (India) Private Limited**  
Indiabulls Finance Centre  
Tower 3, 21<sup>st</sup> Floor  
Senapati Bapat Marg, Elphinstone Road (West)  
Mumbai 400 013  
Maharashtra, India  
**Tel:** (+91 22) 6164 8599  
**Fax:** (+91 22) 6164 8589  
**E-mail:** nakshatra.ipo@elaracapital.com  
**Investor Grievance E-mail:** mb.investorgrievances@elaracapital.com  
**Website:** www.elaracapital.com  
**Contact Person:** Mr. Kunal Safari  
**SEBI Registration No.:** INM000011104

**Karvy Computershare Private Limited**  
Karvy Selenium Tower B  
Plot 31-32, Gachibowli, Financial District  
Nanakramguda  
Hyderabad 500 032  
India  
**Tel:** (+91 40) 6716 2222  
**Fax:** (+91 40) 2343 1551  
**E-mail:** einward.ris@karvy.com  
**Investor Grievance E-mail:** nakshatra.ipo@karvy.com  
**Website:** www.karisma.karvy.com  
**Contact Person:** Mr. M Murali Krishna  
**SEBI Registration No.:** INR000000221

**BID/ISSUE PERIOD\***

BID/ISSUE OPENS ON	[●]	BID/ISSUE CLOSING ON (FOR QIBs)**	[●]
		BID/ISSUE CLOSING ON (FOR ALL OTHER BIDDERS)	[●]

\* Our Company, in consultation with the BRLMs, may consider participation by Anchor Investors, in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Issue Opening Date.

\*\* Our Company, in consultation with the BRLMs, may decide to close the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date, in accordance with the SEBI ICDR Regulations.

**[INTENTIONALLY LEFT BLANK]**

## TABLE OF CONTENTS

<b>SECTION I – GENERAL .....</b>	<b>4</b>
<b>DEFINITIONS AND ABBREVIATIONS.....</b>	<b>4</b>
<b>CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET</b>	
<b>DATA AND CURRENCY OF PRESENTATION.....</b>	<b>13</b>
<b>FORWARD-LOOKING STATEMENTS .....</b>	<b>16</b>
<b>SECTION II – RISK FACTORS .....</b>	<b>18</b>
<b>SECTION III – INTRODUCTION.....</b>	<b>48</b>
<b>SUMMARY OF INDUSTRY.....</b>	<b>48</b>
<b>SUMMARY OF BUSINESS .....</b>	<b>53</b>
<b>SUMMARY FINANCIAL INFORMATION.....</b>	<b>58</b>
<b>THE ISSUE .....</b>	<b>71</b>
<b>GENERAL INFORMATION.....</b>	<b>72</b>
<b>CAPITAL STRUCTURE.....</b>	<b>79</b>
<b>OBJECTS OF THE ISSUE.....</b>	<b>89</b>
<b>BASIS FOR ISSUE PRICE .....</b>	<b>96</b>
<b>STATEMENT OF TAX BENEFITS.....</b>	<b>100</b>
<b>SECTION IV – ABOUT THE COMPANY.....</b>	<b>103</b>
<b>INDUSTRY OVERVIEW.....</b>	<b>103</b>
<b>OUR BUSINESS .....</b>	<b>120</b>
<b>KEY REGULATIONS AND POLICIES IN INDIA .....</b>	<b>132</b>
<b>HISTORY AND CERTAIN CORPORATE MATTERS.....</b>	<b>136</b>
<b>OUR MANAGEMENT .....</b>	<b>147</b>
<b>OUR PROMOTERS AND GROUP COMPANIES .....</b>	<b>159</b>
<b>RELATED PARTY TRANSACTIONS.....</b>	<b>182</b>
<b>DIVIDEND POLICY .....</b>	<b>183</b>
<b>SECTION V – FINANCIAL INFORMATION .....</b>	<b>184</b>
<b>FINANCIAL STATEMENTS .....</b>	<b>184</b>
<b>SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND IND (AS) .....</b>	<b>285</b>
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION</b>	
<b>AND RESULTS OF OPERATIONS.....</b>	<b>293</b>
<b>FINANCIAL INDEBTEDNESS.....</b>	<b>316</b>
<b>SECTION VI – LEGAL AND OTHER INFORMATION .....</b>	<b>319</b>
<b>OUTSTANDING LITIGATION AND OTHER MATERIAL DEVELOPMENTS .....</b>	<b>319</b>
<b>GOVERNMENT AND OTHER APPROVALS .....</b>	<b>339</b>
<b>OTHER REGULATORY AND STATUTORY DISCLOSURES.....</b>	<b>350</b>
<b>SECTION VII – ISSUE RELATED INFORMATION .....</b>	<b>363</b>
<b>ISSUE STRUCTURE .....</b>	<b>363</b>
<b>TERMS OF THE ISSUE .....</b>	<b>367</b>
<b>ISSUE PROCEDURE .....</b>	<b>370</b>
<b>SECTION VIII – PROVISIONS OF THE ARTICLES OF ASSOCIATION .....</b>	<b>418</b>
<b>SECTION IX – OTHER INFORMATION.....</b>	<b>441</b>
<b>MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION .....</b>	<b>441</b>
<b>DECLARATION .....</b>	<b>443</b>

## SECTION I –GENERAL

### DEFINITIONS AND ABBREVIATIONS

*Unless the context otherwise indicates or implies, the following terms shall have the meanings provided below in this Draft Red Herring Prospectus, and references to any statute or regulations or policies will include any amendments or re-enactments thereto, from time to time. In case of any inconsistency between the definitions given below and the definitions contained in the General Information Document (as defined below), the definitions given below shall prevail.*

#### Company Related Terms

Term	Description
NWL or our Company or the Company or the Issuer	Nakshatra World Limited (formerly known as Gitanjali Brands Limited), a public limited company incorporated in India under the Companies Act 1956 with its Registered Office at A-1 7 <sup>th</sup> Floor, Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra, India
“we” or “us” or “our”	NWL and its Subsidiaries, on a consolidated basis
AoA/Articles of Association or Articles	The articles of association of our Company, as amended
Asmi Jewellery	Asmi Jewellery India Limited
Auditor/Statutory Auditor	The statutory auditor of our Company, being Ford, Rhodes, Parks & Co. LLP
Audit Committee	The audit committee of our Company, as disclosed in “ <b>Our Management</b> ” on page 147
Bezel Jewellery	Bezel Jewellery (India) Private Limited, our Subsidiary
Board or Board of Directors	The board of directors of our Company, or a duly constituted committee thereof. The Board currently comprises Mr. Mehul Choksi, Mr. Milind Limaye, Ms. Nazura Ajaney and Mr. Anil Haldipur.
Director(s)	The director(s) on our Board
Equity Shares	The equity shares of our Company of face value of ₹ 10 each
Equity Shareholders	The holders of the Equity Shares
GILI India	GILI India Limited, our Subsidiary
GGL	Gitanjali Gems Limited, our Company’s promoter
Group Companies	Companies which are covered under the applicable accounting standards and other companies as considered material by our Board. The Group Companies of our Company, as identified and described in “ <b>Our Promoters and Group Companies</b> ” on page 159
Key Management Personnel	Key management personnel of our Company in terms of the Companies Act 2013 and the SEBI ICDR Regulations and disclosed in “ <b>Our Management</b> ” on page 147
MoA/Memorandum of Association	The memorandum of association of our Company, as amended
Nakshatra Brands	Nakshatra Brands Limited, our Subsidiary
Nomination and Remuneration Committee	The nomination and remuneration committee of our Company, as disclosed in “ <b>Our Management</b> ” on page 147
Promoters	Gitanjali Gems Limited and Mr. Mehul Choksi
Promoter Group	Persons and entities constituting the promoter group of our Company, pursuant to Regulation 2(1)(zb) of the SEBI ICDR Regulations
Registered Office	The Registered Office of our Company situated at A-1 7 <sup>th</sup> Floor, Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra, India
Restated Consolidated Financial Statements	Audited consolidated financial statements (together with annexures and notes thereto) of assets and liabilities as of March 31, 2012, March 31, 2013, March 31, 2014, March 31, 2015 and March 31, 2016 and the six month period ended September 30, 2015 and the six month period ended September 30, 2016 and the audited consolidated financial statements of profits and losses and cash flows for the twelve month period ended March 31, 2012, March 31, 2013, March 31, 2014, March 31, 2015 and March 31, 2016 and the six month period ended September 30, 2015 and the six month period ended September 30, 2016 for our Company and our Subsidiaries restated in accordance with the SEBI ICDR Regulations

Term	Description
Restated Standalone Financial Statements	Audited standalone financial statements (together with annexures and notes thereto) of assets and liabilities as of March 31, 2012, March 31, 2013, March 31, 2014, March 31, 2015 and March 31, 2016 and the six month period ended September 30, 2015 and the six month period ended September 30, 2016 and the audited standalone financial statements of profits and losses and cash flows for the twelve month period ending March 31, 2012, March 31, 2013, March 31, 2014, March 31, 2015 and March 31, 2016 and the six month period ended September 30, 2015 and the six month period ended September 30, 2016 for our Company restated in accordance with the SEBI ICDR Regulations
Restated Financial Statements	Collectively, the Restated Consolidated Financial Statements and the Restated Standalone Financial Statements
Risk Management Committee	The risk management committee of our Company, as disclosed in “ <i>Our Management</i> ” on page 147
RoC	Registrar of Companies, Maharashtra at Mumbai
Shubalavanyaa	Shubalavanyaa Jewel Crafts Private Limited
Spectrum	Spectrum Jewellery Limited
Stakeholders’ Relationship Committee	The Stakeholders’ Relationship Committee of our Company, as disclosed in “ <i>Our Management</i> ” on page 147
Subsidiaries	Bezel Jewellery, GILI India and Nakshatra Brands. For details of our Subsidiaries, see “ <i>History and Certain Corporate Matters</i> ” on page 136

### Issue Related Terms

Term	Description
Acknowledgement Slip	The slip or document issued by the relevant Designated Intermediary(ies) to the Bidder as proof of registration of the Bid
Allotted/Allotment/Allot	Issue and allotment of Equity Shares pursuant to the Issue, to the successful Bidders
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Allotment Advice	Advice or intimation of Allotment, sent to successful Bidder who has been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange
Anchor Investor(s)	A QIB, who applies under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and who has Bid for an amount of at least ₹ 100.00 million
Anchor Investor Bidding Date	The date one Working Day prior to the Bid/Issue Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed
Anchor Investor Form	The form used by an Anchor Investor to Bid in the Anchor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Anchor Investor Issue Price	The price at which Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which will be a price equal to or higher than the Issue Price but not higher than the Cap Price.  The Anchor Investor Issue Price will be decided by our Company, in consultation with the BRLMs
Anchor Investor Portion	Up to 60% of the QIB Portion, which may be allocated by our Company, in consultation with the BRLMs, to Anchor Investors in terms of the Red Herring Prospectus, on a discretionary basis. 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 Issue Price
Application Supported by Blocked Amount/ ASBA	The application (whether physical or electronic) used by a Bidder (other than Anchor Investors) to make a Bid authorizing the relevant SCSB to block the Bid Amount in the relevant ASBA Account
ASBA Account	An account maintained with SCSB and specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the ASBA Form
ASBA Bid	A Bid made by an ASBA Bidder
ASBA Bidder(s)	Any Bidder (other than an Anchor Investor) in the Issue who intends to submit a Bid.
ASBA Form	An application form, whether physical or electronic, used by ASBA Bidders which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Bankers to the Issue /Escrow Banks	The bank(s) which is/are clearing members and registered with SEBI as an escrow collection bank, with whom the Escrow Account(s) in relation to the Issue will be opened, and from which a refund of the whole or part of the Bid Amount, if any, shall be made, in this case being [●]

Term	Description
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Bidders under the Issue, described in “ <b>Issue Procedure – Basis of Allotment</b> ” on page 407
Bid	An indication to make an offer during the Bid/ Issue Period by a Bidder, or on the Anchor Investor Bidding Date by an Anchor Investor, pursuant to submission of a Bid cum Application Form, to subscribe for or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto, to the extent permissible under the SEBI ICDR Regulations. The term “Bidding” shall be construed accordingly
Bid Amount	In relation to each Bid, the highest value of the optional Bids as indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue, which shall be net of the Employee Discount and less Retail Discount, as applicable  However for Eligible Employees applying in the Employee Reservation Portion and Retail Individual Bidders applying at the Cut-Off Price, the Bid amount shall be Cap Price net of Employee Discount multiplied by the number of Equity Shares Bid for by such Eligible Employee and mentioned in the Bid cum Application Form net of Employee Discount /Retail Discount as the case may be
Bid cum Application Form	The Anchor Investor Form or the ASBA Form, as the context requires
Bid Lot	[●] Equity Shares
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form, including an Anchor Investor
Bid/ Issue Closing Date	Except in relation to any Bids received from Anchor Investors, the date after which the Designated Intermediaries shall not accept any Bids, which shall be published in the [●] edition of [●] (a widely circulated English national daily newspaper), the [●] edition of [●] (a widely circulated Hindi national daily newspaper) and the [●] edition of [●] (a widely circulated Marathi daily newspaper, Marathi being the regional language of the place where our Registered Office is located) each with wide circulation and in case of any revision, the extended Bid/Issue Closing Date shall also be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI ICDR Regulations. Our Company, in consultation with the BRLMs, may decide to close the Bid/ Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date, subject to the SEBI ICDR Regulations
Bid/Issue Opening Date	Except in relation to any bids received from Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids for the Issue, which shall be published by our Company in the [●] edition of [●] (a widely circulated English national daily newspaper), the [●] edition of [●] (a widely circulated Hindi national daily newspaper) and the [●] edition of [●] (a widely circulated Marathi daily newspaper, Marathi being the regional language of the place where our Registered Office is located) each with wide circulation and in case of any revision, the extended Bid/Issue Opening Date shall also be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI ICDR Regulations
Bid/Issue Period	Except in relation to Anchor Investors, the period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days during which prospective Bidders (excluding Anchor Investors) can submit their Bids, including any revisions thereof
Bidding Centers	Centers at which the Designated Intermediaries shall accept the Bid cum Application Forms, being the Designated SCSB Branch for SCSBs, Specified Locations for Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Book Building Process	The book building process as described in Schedule XI of the SEBI ICDR Regulations, in terms of which the Issue is being made
Book Running Lead Managers/BRLMs	The book running lead managers to the Issue, in this case being IDBI Capital Markets & Securities Limited and Elara Capital (India) Private Limited
Broker Centres	Broker centres notified by the Stock Exchanges, where Bidders can submit the Bid cum Application Forms to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> )
CAN / Confirmation of Allocation Note	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, after the Anchor Investor Bidding Date
Cap Price	The higher end of the Price Band above which the Issue Price and the Anchor Investor Issue Price will not be finalized and above which no Bids will be accepted, including any revisions thereof
Cash Escrow Agreement	The agreement to be entered into among our Company, the Registrar to the Issue, the BRLMs, the Syndicate Members and the Escrow Bank for collection of Bid Amounts from Anchor Investors, transfer of funds to the Public Issue Account(s) and where applicable, remitting refunds, if any, on the terms and conditions thereof



Term	Description
Client ID	Client identification number maintained with one of the Depositories in relation to demat account
Collecting Depository Participants/CDPs	A depository participant registered under Section 12 (1A) of the SEBI Act and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI. A list of such depository participant(s) is available on the website of SEBI ( <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a> ) and updated from time to time
Collecting RTAs/Registrar and Share Transfer Agents	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Cut-off Price	The Issue Price, finalized by our Company, in consultation with the BRLMs, which shall be any price within the Price Band. Only RIIs are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and NIIs are not entitled to Bid at the Cut-off Price
Demographic Details	The details of the Bidders including the Bidders' address, names of the Bidders' father/husband, investor status, occupations and bank account details
Designated Branches	Such branches of the SCSBs which shall collect the Bid cum Application Form used by Bidders (excluding Anchor Investors), a list of which is available at the website of the SEBI ( <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a> ) and updated from time to time, or at such other website as may be prescribed by SEBI from time to time
Designated CDP Locations	Such centers of the Collecting Depository Participants where Bidders (excluding Anchor Investors) can submit the Bid cum Application Forms. The details of such Designated CDP Locations, along with the names and contact details of the Depository Participants are available on the respective websites of the Stock Exchanges ( <a href="http://www.nseindia.com">www.nseindia.com</a> and <a href="http://www.bseindia.com">www.bseindia.com</a> ) and updated from time to time
Designated Date	The date on which the Escrow Bank(s) transfer the funds from the Escrow Account(s) to the Public Issue Account(s) or the Refund Account(s), as appropriate, and the amounts blocked by SCSBs are transferred from the ASBA Accounts to the Public Issue Account(s) and/ or unblocked in terms of the Red Herring Prospectus
Designated Intermediaries	Members of the Syndicate, sub-syndicate/agents, SCSBs, Registered Brokers, Brokers, CDPs and Collecting RTAs, who are authorized to collect Bid cum Application Forms from the Bidders, in relation to the Issue
Designated RTA Locations	Such centers of the Collecting RTAs where Bidders can submit the Bid cum Application Forms. The details of such Designated RTA Locations, along with the names and contact details of the Collecting RTAs are available on the respective websites of the Stock Exchanges ( <a href="http://www.nseindia.com">www.nseindia.com</a> and <a href="http://www.bseindia.com">www.bseindia.com</a> ) and updated from time to time
Designated Stock Exchange	[●]
Draft Red Herring Prospectus/DRHP	This draft red herring prospectus dated March 8, 2017 filed with SEBI and issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted, including any addenda or corrigenda thereto
Elara Capital	Elara Capital (India) Private Limited
Eligible Employees	<p>All or any of the following:</p> <ul style="list-style-type: none"> <li>(a) a permanent and full time employee of our Company and Subsidiaries (excluding such employees who are not eligible to invest in the Issue under applicable laws, rules, regulations and guidelines including Promoters and employees who are part of the Promoter Group) as of the date of filing of the Red Herring Prospectus with the RoC and who continues to be an employee of our Company, until the submission of the Bid cum Application Form, in accordance with applicable law; and</li> <li>(b) a Director of our Company (excluding Promoters who are Directors of our Company) who is eligible to apply under the Employee Reservation Portion under applicable law.</li> </ul> <p>An employee of our Company, who is recruited against a regular vacancy but is on probation as on the date of submission of the Bid cum Application Form will also be deemed a 'permanent and full time employee'</p> <p>The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹ 500,000. In this regard, please note that Allotment to an Eligible Employee in the Employee Reservation Portion may exceed ₹ 200,000 only in the event of an under-subscription in the Employee Reservation Portion and such unsubscribed portion may be</p>

Term	Description
	Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹ 200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000.
Eligible FPI	An FPI from such jurisdiction outside India where it is not unlawful to make an offer/invitation under the Issue and in relation to whom the Bid Cum Application Form and the Red Herring Prospectus constitutes an invitation to subscribe for the Equity Shares
Eligible NRI	A non-resident Indian, resident in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Bid Cum Application Form and the Red Herring Prospectus constitutes an invitation to subscribe for the Equity Shares
Employee Discount	Our Company, in consultation with the BRLMs, may offer a discount of up to [●]% (equivalent of ₹ [●]) to the Issue Price to Eligible Employees and which shall be announced at least five Working Days prior to the Bid/ Issue Opening Date
Employee Reservation Portion	Reservation of up to [●] Equity Shares aggregating up to ₹ [●] million, available for allocation to Eligible Employees on a proportionate basis
Escrow Account	Account opened with the Escrow Bank(s) and in whose favour the Anchor Investors make payment in respect of the Bid Amount when submitting a Bid
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names
Floor Price	The lower end of the Price Band, and any revisions thereof, at or above which the Issue Price and the Anchor Investor Issue Price will be finalized and below which no Bids will be accepted and which shall not be less than the face value of the Equity Shares
General Information Document /GID	The General Information Document for investing in public issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013, notified by SEBI and updated pursuant to the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015 and (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016 notified by SEBI and included in “ <b>Issue Procedure</b> ” on page 370
IDBI Capital	IDBI Capital Markets & Securities Limited (formerly known as IDBI Capital Market Services Limited)
Issue	Public offer of up to 18,000,000 Equity Shares for cash at a price of ₹ 10 per Equity Share
Listing Agreements	Listing agreement to be entered into by our Company with the Stock Exchanges in accordance with the SEBI Listing Regulations
Maximum RII Allottees	The maximum number of RIIs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot
Mutual Fund Portion	5% of the QIB Portion (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, on a proportionate basis, subject to valid Bids being received at or above the Issue Price
Net Proceeds	Proceeds of the Issue that will be available to our Company, which shall be the gross proceeds of the Issue less the Issue expenses. See “ <b>Objects of the Issue</b> ” on page 89
Net QIB Portion	The portion of the QIB Portion less the number of Equity Shares Allotted to the Anchor Investors
Non-Institutional Portion	The portion of the Issue, being not more than 15% of the Issue or [●] Equity Shares, available for allocation on a proportionate basis to NIIs subject to valid Bids being received at or above the Issue Price
Non-Institutional Investors/NIIs	All Bidders, including Category III FPIs registered with SEBI, that are not QIBs (including Anchor Investors) or RIIs who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
Issue Agreement	The agreement dated March 8, 2017 entered into by and among our Company and the BRLMs, pursuant to which certain arrangements are agreed in relation to the Issue
Issue Price	The final price (less Retail Discount, if any) at which Equity Shares will be Allotted to the successful Bidders (except Anchor Investors), as determined in accordance with the Book Building Process and determined by our Company, in consultation with the BRLMs in terms of the Red Herring Prospectus on the Pricing Date. A discount of ₹ [●] to the Issue Price may be offered to RIIs
Price Band	Price band of the Floor Price of ₹ [●] and a Cap Price of ₹ [●], including revisions thereof. The Price Band and the minimum Bid lot for the Issue will be decided by our Company, in consultation with the BRLMs, and advertised in the [●] edition of [●], a widely circulated English national newspaper, the [●] edition of [●] (a widely circulated Hindi national newspaper) and the [●] edition of [●] (a widely circulated Marathi national newspaper, Marathi being the regional language of the place where our Registered Office is located) at least five Working Days prior to the Bid/Issue Opening Date, with the relevant financial ratios calculated



Term	Description
	at the Floor Price and at the Cap Price and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites
Pricing Date	The date on which our Company, in consultation with the BRLMs, shall finalize the Issue Price
Prospectus	The Prospectus to be filed with the RoC for this Issue on or after the Pricing Date in accordance with the provisions of Section 26 of the Companies Act 2013 and the SEBI ICDR Regulations, containing among other things, the Issue Price, the size of the Issue and certain other information, including any addenda or corrigenda thereto
Public Issue Account	The account(s) to be opened with the Banker(s) to the Issue under Section 40(3) of the Companies Act 2013, to receive monies from the Escrow Account(s) and the ASBA Accounts on the Designated Date
QIB Portion	The portion of the Issue, being 50% of the Issue or [●] Equity Shares available for allocation to QIBs on a proportionate basis, including the Anchor Investor Portion (in which allocation shall be on a discretionary basis, as determined by our Company, in consultation with the BRLMs), subject to valid Bids being received at or above the Issue Price
Qualified Institutional Buyers or QIBs	A qualified institutional buyer as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations
Red Herring Prospectus or RHP	The red herring prospectus to be issued in accordance with Section 32 of the Companies Act 2013 and the SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares shall be Allotted and which shall be registered with the RoC at least three days before the Bid/Issue Opening Date and will become the Prospectus after filing with the RoC after the Pricing Date, including any addenda or corrigenda thereto
Refund Account(s)	Account(s) opened with the Escrow Bank(s) from which refunds, if any, of the whole or part of the Bid Amount shall be made to the unsuccessful Bidder
Registered Brokers	Stock brokers registered with the stock exchanges having nationwide terminals, other than the members of the Syndicate and eligible to procure Bids in terms of Circular No. CIR/CFD/14/2012 dated October 4, 2012 issued by SEBI
Registrar Agreement	The agreement dated February 3, 2017, entered into between our Company and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar pertaining to the Issue
Registrar to the Issue	Karvy Computershare Private Limited
Retail Discount	A discount of up to 5% (equivalent of up to ₹ [●]) on the Offer Price, which may be offered to Retail Individual Bidders.
Retail Portion	The portion of the Issue, being not more than 35% of the Issue or [●] Equity Shares, available for allocation to RIIs, which shall not be less than the minimum Bid lot, subject to availability in the Retail Portion and the remaining Equity Shares to be Allotted on a proportionate basis
Retail Individual Investors/ RIIs	Bidders (including HUFs and Eligible NRIs) whose Bid Amount for Equity Shares in the Issue is not more than ₹ 200,000
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s), as applicable. QIBs bidding in the QIB Portion and NIIs bidding in the Non-Institutional Portion are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage
Self-Certified Syndicate Banks or SCSBs	The banks registered with SEBI which offer the facility of ASBA and the list of which is available on the website of the SEBI ( <a href="http://www.sebi.gov.in/sebiweb/home/listlist/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/listlist/5/33/0/0/Recognised-Intermediaries</a> ) and updated from time to time and at such other websites as may be prescribed by SEBI from time to time
Specified Locations	Bidding centres where the Syndicate shall accept Bid cum Application Forms, a list of which is included in the Bid cum Application Form
Stock Exchanges	NSE and BSE
Syndicate Agreement	The agreement to be entered into among the members of the Syndicate, our Company and the Registrar in relation to the collection of Bids in the Issue (other than Bids directly submitted to the SCSBs under the ASBA process or to Registered Brokers at the Broker Centres)
Syndicate Members	Intermediaries registered with SEBI and permitted to carry out activities as an underwriter, in this case being [●]
Syndicate or members of the Syndicate	Collectively, the BRLMs and the Syndicate Members
Underwriters	Intermediaries registered with the SEBI and permitted to carry out activities as an Underwriter, in this case being the members of the Syndicate
Underwriting Agreement	The agreement between our Company and the Underwriters, to be entered into on or after the Pricing Date
Working Day(s)	Any day, other than Saturdays or Sundays, on which commercial banks in Mumbai are open for business, provided however, for the purpose of the time period between the Bid/Issue Opening Date and listing of the Equity Shares on the Stock Exchanges, "Working Days" shall mean all

Term	Description
	trading days excluding Sundays and bank holidays, in accordance with the SEBI circular no. SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016

### Conventional and General Terms and Abbreviations

Term	Description
AIF(s)	Alternative Investment Funds, as defined in, and registered with SEBI under, the SEBI AIF Regulations
AGM	Annual General Meeting
Authorized Dealers	Authorized Dealers registered with RBI under the Foreign Exchange Management (Foreign Currency Accounts) Regulations, 2000
Bn	Billion
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
Category III FPIs	FPIs registered as category III FPIs under the SEBI FPI Regulations, which shall include all other FPIs not eligible under category I and II FPIs, such as endowments, charitable societies, charitable trusts, foundations, corporate bodies, trusts, individuals and family offices
CCI	Competition Commission of India
CDSL	Central Depository Services (India) Limited
Central Sales Tax Act	Central Sales Tax Act, 1956
CEO	Chief executive officer
CFO	Chief financial officer
CLRA	Contract Labour (Regulation and Abolition) Act, 1970
COO	Chief operating officer
CrPC	Code of Criminal Procedure, 1973
Companies Act	Companies Act 1956 and/or the Companies Act 2013, as applicable
Companies Act 1956	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect on notification of the Notified Sections)
Companies Act 2013	Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections, read with the rules, regulations, clarifications and modifications thereunder
Consolidated FDI Policy	The current consolidated FDI Policy, effective from June 7, 2016, issued by the DIPP, and any modifications thereto or substitutions thereof, issued from time to time
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
Depositories Act	Depositories Act, 1996
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GoI
DP ID	Depository Participant's identity number
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EGM	Extraordinary general meeting
EPF Act	Employees' Provident Funds and Miscellaneous Provisions Act, 1952
EPS	Earnings per share
ERP	Enterprise Resource Planning
ESI Act	Employees' State Insurance Act, 1948
Euro	Official currency of European Union's member states
FCNR Account	Foreign Currency Non Resident (Bank) account established in accordance with the FEMA
FDI	Foreign direct investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder
FII(s)	Foreign Institutional Investors as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 2000, registered with SEBI under applicable laws in India and deemed as FPIs under the SEBI FPI Regulations
Fiscal	The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year
FPIs	A foreign portfolio investor as defined under the SEBI FPI Regulations
FVCI	Foreign Venture Capital Investors as defined under the SEBI FVCI Regulations, and registered with SEBI
GDP	Gross Domestic Product
GoI	The Government of India
HUF(s)	Hindu Undivided Family(ies)
ICAI	The Institute of Chartered Accountants of India
ICD	Inter-corporate deposits
ICSI	The Institute of Company Secretaries of India

Term	Description
IFSC	Indian Financial System Code
IFRS	International Financial Reporting Standards
Income Tax Act	Income Tax Act, 1961
IND(AS)	Indian Accounting Standards referred to in the Companies (Indian Accounting Standard) Rules, 2015
Indian Accounting Standard Rules 2015	Companies (Indian Accounting Standards) Rules, 2015 dated February 16, 2015
India	Republic of India
Indian GAAP	Generally Accepted Accounting Principles in India
INR or Rupee or “₹” or Rs.	Indian Rupee, the official currency of the Republic of India
IPC	Indian Penal Code, 1860
IRDA	Insurance Regulatory and Development Authority
ISDA	International Swaps and Derivatives Association
MCA	The Ministry of Corporate Affairs, GoI
Mn	Million
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
NAV	Net Asset Value
NIA	Notice Inviting Applications
Notified Sections	The sections of the Companies Act 2013 that have been notified by the MCA and are currently in force
NR/ Non-resident	A person resident outside India, as defined under the FEMA and includes a Non-resident Indian
NRE Account	Non-Resident External Account established and operated in accordance with the FEMA
NRI	Non-Resident Indian
NRO Account	Non-Resident Ordinary Account established and operated in accordance with the FEMA
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
Payment of Bonus Act	Payment of Bonus Act, 1965
Payment of Gratuity Act	Payment of Gratuity Act, 1972
PAT	Profit After Tax
RBI	The Reserve Bank of India
ROE	Return on Equity
RoNW	Return on Net Worth
RTGS	Real-Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
SEBI ESOP Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996
SEZ	Special Economic Zones
SICOM	State Industrial and Investment Corporation of Maharashtra Limited
STT	Securities Transaction Tax
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
USA or U.S. or US	United States of America
U.S. Securities Act / Securities Act	United States Securities Act of 1933
VAT	Value Added Tax
VCFs	Venture capital funds as defined in and registered with SEBI under the SEBI VCF Regulations or the SEBI AIF Regulations, as the case may be

## Technical and Industry Related Terms

Term	Description
CAD	Current Account Deficit
CPD	Cut & Polished diamonds
CY	Calender Year
FY	Financial Year
GDS	Gold Deposit Scheme
GDP	Gross Domestic Product
GIA	Gemological Institute of America
GJEPC	Gem & Jewellery Export Promotion Council of India
GML	Gold Metal Loan Scheme
GVA	Gross Value Added
G&J	Gem & Jewellery
IGI	Indian Gemological Institute
IIGJ	Indian Institute of Gems & Jewellery
MoU	Memorandum of Understanding
PAN	Permanent Account Number
WGC	World Gold Council

The words and expressions used but not defined in this Draft Red Herring Prospectus will have the same meaning as assigned to such terms under the Companies Act, the SEBI Act, the SCRA, the Depositories Act and the rules and regulations made thereunder.

Notwithstanding the foregoing, terms in “*Provisions of the Articles of Association*”, “*Statement of Tax Benefits*”, “*Industry Overview*”, “*Key Regulations and Policies in India*”, “*Financial Statements*”, “*Outstanding Litigation and Other Material Developments*” and “*Part B*” of “*Issue Procedure*”, on pages 418, 100, 103, 132, 184, 319 and 384 respectively, will have the meanings ascribed to such terms in these respective sections.

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

### Certain Conventions

All references in this Draft Red Herring Prospectus to “**India**” are to the Republic of India. All references in this Draft Red Herring Prospectus to the “**U.S.**”, “**USA**” or “**United States**” are to the United States of America.

Unless stated otherwise, all references to page numbers in this Draft Red Herring Prospectus are to the page numbers of this Draft Red Herring Prospectus.

### Financial Data

The Restated Financial Statements have been prepared and presented in accordance with Indian GAAP and the Companies Act, audited by our Company’s statutory auditor, Ford, Rhodes, Parks & Co. LLP (the “**Auditor**”) and restated in accordance with the SEBI ICDR Regulations. Unless otherwise indicated, the financial information presented in this Draft Red Herring Prospectus is extracted or derived from the Restated Financial Statements.

Our Company’s fiscal year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year, so all references to a particular fiscal year are to the 12 month period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year.

In accordance with India’s roadmap for “Convergence of its existing standards with IFRS”, referred to as “**IND (AS)**”, as announced by the GoI, Ministry of Corporate Affairs (the “**MCA**”) through press note dated January 22, 2010, read with the Companies (Indian Accounting Standards) Rules, 2015 issued by the MCA on February 16, 2015, effective April 1, 2015, our annual and interim financial statements must be reported under IND (AS) for accounting periods commencing on or after April 1, 2016. Therefore, our annual and interim financial statements reported after April 1, 2016 will not be directly comparable to the Restated Financial Statements.

Pursuant to a SEBI circular dated March 31, 2016, with respect to financial information to be included in any offer document filed with SEBI on or after April 1, 2016 and until March 31, 2017, we have chosen to report our Restated Financial Statements, on a standalone as well as a consolidated basis, for the preceding five years and the six month period ended September 30, 2015 and six month period ended September 30, 2016, included in this Draft Red Herring Prospectus under Indian GAAP. Further, the financial information for the six month period ended September 30, 2015 and September 30, 2016, has been reconciled in accordance with the IND (AS). Further, for risk in relation to IND (AS), see “**Risk Factor - Our Restated Financial Statements for the preceding five years, on standalone as well as consolidated basis, included in this Draft Red Herring Prospectus, has been prepared under IGAAP, which varies in certain respects from other accounting principles, including IND (AS), which may be material to investors’ assessment of our results of operations and financial condition.**” on page 32. In order to comply with requirements applicable to public companies in India, subsequent to our Equity Shares being listed on the Stock Exchanges, we will be required to prepare our annual and interim financial statements under IND (AS), as applicable. IND (AS) is different in many respects from Indian GAAP under which our audited financial statements for statutory reporting purposes under the Companies Act have been prepared until Fiscal 2016. The preparation and presentation of our financial statements after listing may be not be comparable with, or may be substantially different from, the preparation and presentation of the Restated Financial Statement is being disclosed in this Draft Red Herring Prospectus.

There are significant differences between Indian GAAP and IND (AS). Accordingly, the degree to which the Restated 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, Indian GAAP, IND (AS), the Companies Act and the SEBI ICDR Regulations, on the Restated Financial Statements presented in this Draft Red Herring Prospectus should accordingly be limited. Although we have included a summary of qualitative and quantitative differences between Indian GAAP and IND (AS), our financial statements reported under IND (AS) in future accounting periods may not be directly comparable with our financial statements historically prepared in accordance with Indian GAAP, including disclosed in this Draft Red Herring Prospectus. You should consult your own advisors regarding such differences and their impact on our financial data.

Moreover, our corporate Promoter, GGL, is listed with the Stock Exchanges and is required to report its financial statements (including on a consolidated basis) in accordance with IND (AS). You should not place reliance on any financial or other information available on our Company in the public domain, which does not form part of this Draft Red Herring Prospectus, including any financial information or related information historically disclosed and available in the public domain by or through our Promoter, GGL, pursuant to its reporting obligations as a company whose securities are listed on the Stock Exchanges.

Unless otherwise indicated, any percentage amounts, as set forth in “**Risk Factors**”, “**Our Business**” and “**Management’s Discussion and Analysis of Financial Condition and Results of Operations**” on pages 18, 120 and 293, respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of our Restated Financial Statements. Certain figures contained in this Draft Red Herring Prospectus, including financial information, have been subject to rounding adjustments. All decimals have been rounded to two decimal points. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. However, where any figures that may have been sourced from third-party industry sources are rounded to other than two decimal points in their respective sources, such figures appear in this Draft Red Herring Prospectus as rounded to such number of decimal points as provided in such respective sources.

Certain data included in this Draft Red Herring Prospectus in relation to certain operating metrics and other business related information not otherwise included in the Restated Financial Statements has been reviewed and verified by JNS & Associates LLP, third party chartered accountant.

### Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Draft Red Herring Prospectus has been obtained or derived from various industry publications and sources, including the report titled “*Report on Indian Gems & Jewellery (G&J) Industry*”, dated December 13, 2016, prepared by Credit Analysis & Research Limited (“**CARE**”). Certain information in the chapters see “**Summary of Industry**”, “**Summary of Business**”, “**Industry Overview**” and “**Our Business**” on pages 48, 53, 103 and 120 respectively of this Draft Red Herring Prospectus has been obtained from CARE which has issued the following disclaimer:

*“This report is prepared by CARE Research, a division of Credit Analysis & Research Limited. CARE Research has taken utmost care to ensure accuracy and objectivity while developing this report based on information available in public domain. However, neither the accuracy nor completeness of information contained in this report is guaranteed. CARE Research operates independently of ratings division and this report does not contain any confidential information obtained by ratings division, which they may have obtained in the regular course of operations. The opinion expressed in this report cannot be compared to the rating assigned to the company within this industry by the ratings division. The opinion expressed is also not a recommendation to buy, sell or hold an instrument.*

*CARE Research is not responsible for any errors or omissions in analysis/inferences/views or for results obtained from the use of information contained in this report and especially states that CARE (including all divisions) has no financial liability whatsoever to the user of this product. This report is for the information of the intended recipients only and no part of this report may be published or reproduced in any form or manner without prior written permission of CARE Research.”*

Industry publications generally state that the information contained in such publications have been obtained from publicly available documents from various 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 the industry and market data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified by us or the BRLMs or any of their affiliates or advisors. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable between sources.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in “**Risk Factors**” on page 18. Accordingly, investment decisions should not be based solely on such information.



In accordance with the SEBI ICDR Regulations, see “*Basis for Issue Price*” on page 96, which includes information relating to our peer group companies. Such information has been derived from publicly available sources, and neither we nor the BRLMs have independently verified such information.

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 industry in which we operate, and methodologies and assumptions may vary widely among different industry sources.

### Currency and Units of Presentation

All references to “**Rupees**” or “**₹**” or “**Rs.**” or “**INR**”, are to Indian Rupees, the official currency of the Republic of India. All references to “**US\$**”, “**U.S. Dollar**”, “**USD**” or “**U.S. Dollars**” are to United States Dollars, the official currency of the United States of America.

All figures have been expressed in millions. One million represents 10 lakhs or 1,000,000. However, where any figures that may have been sourced from third-party industry sources are expressed in denominations other than millions in their respective sources, such figures appear in this Draft Red Herring Prospectus expressed in such denominations as provided in such respective sources.

### Exchange Rates

This Draft Red Herring Prospectus contains conversions of U.S. Dollars into Indian Rupees that have been presented solely to comply with the requirements of the SEBI ICDR Regulations. These conversions should not be construed as a representation that such currency amounts could have been, or can be converted into Rupees, at any particular rate, or at all.

The exchange rates of U.S. Dollars to Rupees as of September 30, 2016, March 31, 2016, March 31, 2015, March 28, 2014, March 28, 2013 and March 30, 2012 are provided below:

*In ₹*

Currency	As of September 30, 2016	As of March 31, 2016	As of March 31, 2015	As of March 28, 2014	As of March 28, 2013	As of March 30, 2012
1 U.S.\$	66.66	66.33	62.59	60.10	54.39	51.16
1 Euro	74.75	75.10	67.51	82.58	69.54	68.34
1 Baht*	1.93	1.89	1.92	1.84	1.85	1.65
1 ¥	66.05	59.06	52.11	58.83	57.76	62.43

Source: RBI, [www.rbi.org.in](http://www.rbi.org.in); Bloomberg\*

- (1) Exchange rate as of March 28, 2014, as RBI Reference Rate is not available for March 31, 2014, March 30, 2014 and March 29, 2014, being a public holiday, a Sunday and a Saturday, respectively.
- (2) Exchange rate as of March 28, 2013, as RBI Reference Rate is not available for March 31, 2013, March 30, 2013 and March 29, 2013, being a Sunday, Saturday and a public holiday, respectively.
- (3) Exchange rate as of March 30, 2012, as RBI Reference Rate is not available for March 31, 2012, being a Saturday.

Note: Exchange rate is rounded off to two decimal places

Such conversions should not be considered as a representation that such currency amounts have been, could have been or could be converted into Rupees at any particular rate, the rates stated above or at all

## FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain forward-looking statements. These forward looking statements generally can be identified by words or phrases such as “*aim*”, “*anticipate*”, “*believe*”, “*contemplate*”, “*expect*”, “*estimate*”, “*future*”, “*goal*”, “*intend*”, “*likely to*” “*objective*”, “*plan*”, “*project*”, “*will*”, “*will continue*”, “*will pursue*”, “*seek to*”, or other words or phrases of similar import. Similarly, statements which describe our strategies, objectives, plans or goals are also forward-looking statements.

These forward-looking statements are based on our current plans and estimates. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement including, but are not limited to:

- significant competition in the Indian jewellery market, which may reduce our market share and adversely affect our business, financial condition, results of operations and prospects;
- our integrated operations and the diversity of the Indian jewellery market;
- our significant working capital requirements and if we are unable to secure adequate working capital loans on commercially reasonable terms;
- certain of our working capital facilities are under renewal, in case any of such banks do not renew such working capital facilities, it may adversely affect our cash flows;
- we require certain approvals, permits and licenses in the ordinary course of business, and any failure or delay to obtain or renew them may adversely affect our operations;
- if we are unable to continue to implement our brand building, marketing and advertising initiatives, for each of our brands, our business and prospects may be adversely affected;
- our income and sales are subject to seasonal fluctuations and lower income in a peak season may have a disproportionate effect on our results of operations;
- jewellery purchases are discretionary and often perceived as luxury purchases. Any factor negatively impacting discretionary, spending by consumers may adversely affect our business, results of operations;
- the non-availability or high cost of quality gold bullion and diamonds may have an adverse effect on our business;
- Our financing agreements contain covenants that limit our flexibility in operating our business. Our inability to meet our obligations, including financial and other covenants under our debt financing arrangements could adversely affect our business, credit rating, results of operations and financial condition;
- We, as well as our Directors, Promoters and Group Companies are involved in certain legal and regulatory proceedings that, if decided adversely, may adversely affect our business, results of operations and financial condition;
- There have been certain instances of non-compliance of provisions of the Companies Act 2013 by our Company and our Subsidiaries and our Company has made applications for compounding of offences in relation such to non-compliances;
- If we were to lose the services of members of our senior management team or key management personnel, our business and prospects may be adversely affected;
- Our franchisee model and our reliance on franchisee arrangements expose us to additional risks and uncertainties in our business, including in the event we are unable to extend our franchisee network in the future;
- Disruption of our relationships with our state and regional distributors may adversely affect our business, operating cash flows and financial condition;
- If we are unable to continue to develop innovative, fashionable and popular designs, demand for our jewellery may decrease;
- Volatility in the market price of gold and diamonds has a bearing on the value of our inventory and may affect our income, profitability and scale of operations;
- Any increases in interest rates may have an adverse effect on our results of operations and financial condition;
- Acquisitions, investments, collaborations, corporate reorganizations and other strategic transactions may result in operational difficulties, dilution and other adverse consequences; and
- Our Company has, in the past, made applications for condonation of delay in respect of delay in making a form filing with the RoC in relation to the charge created by us in favour of one of our lenders.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated without expectations with respect to, but not limited to, regulatory changes pertaining to the industries in which our Company operates and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our Company's exposure to market risks, general economic and political conditions in India which have an impact on its business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and other changes in its industry. Given these uncertainties, investors are cautioned not to place undue reliance on such forward looking statements.

For a further discussion of factors that could cause our actual results to differ from our expectations, please see ***“Risk Factors”***, ***“Our Business”*** and ***“Management's Discussion and Analysis of Financial Condition and Results of Operations”*** on pages 18, 120 and 293, 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 reflect the current views of our Company as on the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information. Although we believe that the assumptions on which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect.

Neither our Company, the Syndicate, nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements 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. In accordance with SEBI requirements, our Company and the BRLMs will ensure that investors are informed of material developments as required under applicable law or regulation or relevant within the context of the Issue, until the receipt of final listing and trading approvals for the Equity Shares pursuant to the Issue.

Further, in accordance with Regulation 51A of the SEBI ICDR Regulations, our Company may be required to undertake an annual update to the disclosures made in this Draft Red Herring Prospectus and make it publicly available in the manner specified by SEBI.

## SECTION II – RISK FACTORS

*An investment in Equity Shares involves a high degree of risk. You should carefully consider the information in this Draft Red Herring Prospectus, including the risks, uncertainties and challenges described below, before making an investment in the Equity Shares. You should read this section in conjunction with “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 120 and 293, respectively, as well as the other financial and statistical information contained elsewhere in this Draft Red Herring Prospectus. In addition, the risks set out in this section may not be exhaustive and additional risks and uncertainties not presently known to us, or which we currently deem to be immaterial, may arise or may become material in the future. If any or a combination of the following risks, or other risks and uncertainties that are currently unknown or deemed immaterial, actually materialize, our business, financial condition, results of operations and prospects may suffer, the trading price of the Equity Shares may decline, and all or part of your investment in the Equity Shares may be lost. Any potential investor in the Equity Shares should pay particular attention to the fact that we are subject to extensive regulatory environments that may differ significantly from one jurisdiction to another. In making an investment decision, prospective investors must rely on their own examinations of us on a consolidated basis and the terms of the Issue, including the merits and the risks involved. Prospective investors should consult their tax, financial and legal advisors about the particular consequences of investing in the Issue.*

*In this section, unless the context otherwise requires, a reference to “our Company” or to “we”, “us” and “our” refers to Nakshatra World Limited and our Subsidiaries on a consolidated basis. Unless otherwise stated, the financial information in this section is derived from our Restated Consolidated Financial Statements. Unless otherwise stated herein, we are not in a position to specify or quantify the financial or other risks mentioned here.*

*This Draft Red Herring Prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements, as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. Also see, “Forward-Looking Statements” on page 16.*

*Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment, which may differ in certain respects from that of other countries.*

### **Internal risk factors**

#### **Risks related to our business and operations**

- 1. We face significant competition in the Indian jewellery market, which may reduce our market share and adversely affect our business, financial condition, results of operations and prospects.***

Competition in the Indian jewellery industry is significant. We operate in highly competitive and fragmented markets, and competition in these markets is based primarily on market trends and customer preferences. The players in the jewellery sector in India often offer their products at highly competitive prices and many of them are well established in their local markets. We face competition from jewellery retailers with pan-India presence such as Titan Company Limited, PC Jeweller Limited, Tribhovandas Bhimji Zaveri Limited and Renaissance Jewellery Limited.

Some of our competitors may be larger than us in terms of business volume and may have greater capital, technical capabilities and financial and other resources than us which may enable them to undertake larger and more complex projects. In addition, our competitors that are smaller specialized companies may compete effectively against us based on price and their concentrated size and focus. For details of our competitors, see the section “Our Business – Competition” on page 131.

Customer acquisition and retention remain key focus areas for us. We compete for customers, based on various factors, including design of our jewellery, pricing, quality of our jewellery and after sales service. If we do not compete in these areas effectively, this could lead to a decrease in our market share, an increase in our marketing and other expenses. This could adversely affect our profitability, as it would cause us to experience lower revenue and additional selling costs to replace customers and recapture lost revenue. Aggressive discounting by competitors may force us to reduce our prices in order to remain competitive and may thereby adversely impact

our results of operations. The pricing of gold jewellery in particular is extremely competitive due to its objectively verifiable value, resulting in us having limited control over our pricing of gold jewellery. There can be no assurance that we can effectively compete with our competitors in the future, and any such failure to compete effectively may have a material adverse effect on our business, financial condition, results of operations and prospects.

***2. Our integrated operations and the diversity of the Indian jewellery market expose us to certain risks. If we are unable to effectively manage our operations or pursue our growth strategy, our business, financial condition, results of operations and prospects may be adversely affected.***

Our revenue from operations has increased at a CAGR of 28.28% from ₹ 36,365.99 million in Fiscal 2014 to ₹ 59,843.08 million in Fiscal 2016, and our net profit before minority interest has increased at a CAGR of 128.22% from ₹ 153.65 million in Fiscal 2014 to ₹ 800.25 million in Fiscal 2016, respectively, for the same period. In Fiscal 2014, 2015 and 2016 and the six months ended September 30, 2016, our revenue from jewellery exported accounted for 21.92%, 27.60%, 46.65% and 62.07%, respectively, of our total revenue from operations. As of September 30, 2016, our distribution network spread across 290 cities and towns in India, with more than 1,644 points of sale (“POS”), through our distributors, 329 shop-in-shops (“SIS”) and 61 stores, which includes 49 franchisee operated stores and 12 stores which are owned and operated by us.

As we expand our distribution network, we will be exposed to various challenges, including those relating to identification of potential markets, different cultures and customer preferences, regulatory regimes, business practices and customs. We may require significant financial resources in connection with the leasing of our new company owned and operated stores, financing inventory and hiring of additional employees for our expanded operations. We may be required to obtain loans to finance such expansion and there can be no assurance that such loans will be available to us on commercially acceptable terms, or at all. We will also be required to obtain certain approvals to carry on business in new locations and there can be no assurance that we will be successful in obtaining such approvals. Further, we expect our expansion plans to place significant demands on our managerial, operational and financial resources, and our expanded operations will require further training and management of our employees and the training and induction of new employees. There can also be no assurance that our increased manufacturing capacity will be sufficient to meet the increased requirements of our expanded distribution network. In addition, as we enter new markets, we face competition from national or international players, who may have an established local presence, and may be more familiar with local customers' design preferences, business practices and customs.

Our historic growth rates or results of operations are not representative or reliable indicators of our future performance. While we intend to continue to expand our operations in India, we may not be able to sustain historic growth levels, and may not be able to leverage our experience in our existing markets in order to grow our business in new markets. While we are also exploring the possibility of expanding our international operations we may not be successful in developing and implementing effective policies and strategies for any proposed international operations. Also, there may be unforeseen operating difficulties and expenditures associated with our international operations and the integration of any proposed international operations into our existing operations, which may require considerable management time and resources.

An inability to effectively manage our expanded operations or pursue our growth strategy may lead to operational and financial inefficiencies, which could have a material adverse effect on our business prospects, financial condition and results of operations.

***3. We have significant working capital requirements and if we are unable to secure adequate working capital loans on commercially reasonable terms, our business, financial condition, results of operations and prospects may be adversely affected.***

Our business requires a substantial amount of working capital, primarily to finance the purchase of raw materials. Moreover, we may need substantial working capital for expansion of our business. We have, in the past and in the future, may continue to rely on financial support from our Promoters and related parties. For example, we rely on equity contributions from our Promoters and have received guarantees from our Promoters. There can be no assurance that in the future we will continue to receive financial support from our promoters and related parties or be able to secure alternative sources for such financial support.

In the future, we may need to seek funding through additional borrowings or securities offerings. We cannot assure you that such funding will be obtained in a timely manner, on satisfactory terms, or at all. Moreover, if we raise additional debt, our interest expense will increase and our debt covenants under our existing loans may be impacted. If we raise additional funds through the issuance of equity, your ownership interest in our Company will be diluted. As of September 30, 2016, our net debt to equity ratio under the Indian GAAP was 1.33.

Prudential norms including single and group borrower concentration limits prescribed by the RBI to bank lenders in India (as well as corresponding limits under our financing arrangements with such bank lenders) may restrict our ability to seek additional credit facilities from our current bank lenders to fund our business requirements in the future. Therefore, we may be required to maintain multiple banking relationships on an ongoing basis, or enter into new banking relationships in the future. We cannot assure you that new bank credit facilities will be available to us in a timely manner, on commercially viable terms, or at all.

Our ability to finance our capital expenditures is also subject to a number of risks, contingencies and other factors, some of which are beyond our control, including borrowing or lending restrictions under applicable laws and the terms of our financial and other arrangements, our own profitability and liquidity, the licensing and taxation regime within which we operate, and general economic and market conditions. Any inability to obtain sufficient financing, or any significant unanticipated expenses or cost escalations, could result in the delay or abandonment of our business and expansion plans. As a result, if adequate capital is not available to us in a timely manner and on commercially viable terms, this could have an adverse effect on our business, financial condition, results of operations and prospects.

***4. Certain of our working capital facilities are under renewal. In case any of such banks do not renew such working capital facilities, it may adversely affect our cash flows which may, in turn, adversely affect our business, financial condition, results of operations and prospects.***

Our working capital facilities are renewed at periodic intervals and, as on date of this Draft Red Herring Prospectus, certain of our working capital facilities are under renewal. As of February 27, 2017, our total outstanding indebtedness was ₹ 17,736.72 million. Of the aforesaid working capital facilities, we are in the process of obtaining a formal renewal from Dena Bank, for loans availed of by our Company and from Axis Bank, Canara Bank, Punjab National Bank, Karnataka Bank, Corporation Bank, ICICI Bank and Vijaya Bank, for loans availed by our Subsidiaries. Although we have initiated the process for renewal of such facilities, we cannot assure you that the renewed working capital facilities will be available to us, on commercially viable terms, or at all. In case any of such banks do not renew such working capital facilities, it may adversely affect our cash flows which may, in turn, adversely affect our business, financial condition, results of operations and prospects.

***5. We require certain approvals, permits and licenses in the ordinary course of business, and any failure or delay to obtain or renew them or to comply with their conditions in the future may adversely affect our operations. Further, certain approvals required for certain of our operations are held in the names of third parties, and there is no assurance that we will be able to ensure timely renewals of such approvals, or to obtain or transfer such approvals in our own name in the future.***

We require certain statutory and regulatory permits and approvals for our business. Additionally, we may need to apply for more approvals in the future including renewal of approvals that may expire from time to time. There can be no assurance that the relevant authorities will issue such permits or approvals in the timeframe anticipated by us or at all. Our failure to renew, maintain or obtain the required permits or approvals within the requisite time may result in the interruption of our operations and may have a material adverse effect on our business, financial condition and results of operations.

Certain statutory and regulatory permits and approvals for our operations are not in our name and have been obtained in the name of third parties. For instance, the consent to operate issued by the Maharashtra Pollution Control Board under the Air (Prevention and Control of Pollution) Act, 1981 (the “**Air Act**”) and the Water (Prevention and Control of Pollution) Act, 1974 (the “**Water Act**”) our manufacturing facilities in Mumbai are in the names of unrelated third parties, M/s. Naresh Enterprises, M/s. S.S. Engineering Works and M/s. Rajindra Industries, respectively, from which we have leased the premises for our manufacturing units. Further, the consent to operate issued in the name of M/s. Naresh Enterprises has expired on July 30, 2016 and M/s. Naresh Enterprises is in the process of applying for the renewal of this license. There is no assurance that these third parties will apply for renewal of the requisite licenses in a timely manner or at all. Further, we cannot assure you that we will be able to obtain or transfer these licenses in our name in the event any of these third parties refuse to renew the lease



agreements. Additionally, in relation to our manufacturing facility in Jaipur, we have applied to the Rajasthan Pollution Control Board (the “RPCB”) for a consent to operate under the Air Act and the Water Act. As on date of this Draft Red Herring Prospectus, we have not received such license to operate from the RPCB. Any such failure or delay in obtaining such approvals, permits and licenses may affect our ability to continue our operations, which may in turn have an adverse effect on our business and results of operations.

Our permits, licenses and approvals are subject to several conditions, and we cannot assure you that we shall be able to continuously meet such conditions or be able to prove compliance with such conditions to statutory authorities, which may lead to cancellation, revocation or suspension of relevant permits/licenses/approvals. Further, we cannot assure you that penalties under applicable laws would not be imposed on us in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. For details of key regulations applicable to our business and our operations, see “**Key Regulations and Policies in India**” on page 132 and for details of approvals relating to our business and operations, see “**Government and Other Approvals**” on page 339.

**6. *If we are unable to continue to implement our brand building, marketing and advertising initiatives, for each of our brands, our business and prospects may be adversely affected. Moreover, any deterioration in the reputation and market perception of our brands may have an adverse effect on our sales, profitability and the implementation of our growth strategy.***

Our business is significantly dependent on the reputation and awareness of our brands. We believe that the recognition and reputation of our brands, “Nakshatra”, “Gili”, “Asmi”, “Sangini”, “Diya”, “Parineeta”, and “Rivaaz” among consumers has contributed significantly to the growth and success of our business.

The ability to differentiate our brand and our products from our competitors through our branding, marketing and advertising programs is an important factor in attracting customers. As the majority of our income is derived from our distribution of branded studded jewellery, gold jewellery and other jewellery products, creating and maintaining public awareness of our brand is crucial to our business and accordingly we invest in various marketing and advertising campaigns. If these campaigns are poorly executed, or customers lose confidence in our brand for any reason, our ability to attract and retain customers could be adversely affected. There can be no assurances that we will be able to sustain optimal levels of marketing, advertising and branding initiatives in the future. Failure to do so could adversely affect our business, financial condition and results of operation.

Our ability to maintain these brands in India depends on our ability to maintain the popularity, attractiveness and quality of the services and products we offer, maintain or improve consumers’ satisfaction with our services and products, and increase brand awareness through investment in brand building initiatives. Our customers have come to expect a high level of quality from our products, and our failure to deliver on that expectation could adversely impact our brands and reputation. In particular, from time to time we plan on launching new products. If any such products do not meet our customers’ expectations on, our reputation and revenues may be negatively impacted. In addition, if the public believes that we do not provide satisfactory products, even if based on isolated incidents, this may damage our reputation, diminish the value of our brand, undermine the trust and credibility we have established and have a negative impact on our ability to attract new customers or retain our current customers. Due to the nature of our business, any adverse publicity may, regardless of whether the allegations are valid or we are actually at fault, deteriorate our reputation and market perception of our brands which may have an adverse effect on our sales, profitability and the implementation of our growth strategy.

As we expand into new geographic markets within India and overseas, and as the market becomes increasingly competitive, maintaining and enhancing our brand image may become increasingly difficult and expensive. In addition, novelty of our brand in these new geographic markets may diminish over time.

If we fail to maintain our reputation, enhance our brand recognition or increase positive awareness of our products, it may be difficult to maintain and grow our consumer base, which could have a material adverse effect on our business and prospects.

**7. *Our income and sales are subject to seasonal fluctuations and lower income in a peak season may have a disproportionate effect on our results of operations.***

Our sales have historically exhibited certain seasonal fluctuations, reflecting higher sales volumes on festivals and other occasions such as Durga Puja, Dhanteras, Diwali, Christmas and Valentine’s Day which occur in the third

and fourth quarter of the fiscal year. This period also coincides with the wedding season in India. While we stock certain inventory to account for this seasonality, our fixed costs such as lease rentals, employee salaries, showroom operating costs and logistics-related expenses, which form a significant portion of operating costs, are relatively constant throughout the year. Consequently, lower than expected net sales during the third or fourth quarters of the fiscal year or more pronounced seasonal variations in sales in the future could have a disproportionate impact on our operating results for the fiscal year, or could strain our resources and impair our cash flows. Any slowdown in demand for our jewellery during peak seasons or failure by us to accurately anticipate and prepare for such seasonal fluctuations could have a material adverse effect on our business, financial condition and results of operations.

**8. *Jewellery purchases are discretionary and often perceived as luxury purchases. Any factor negatively impacting discretionary spending by consumers may adversely affect our business, results of operations, financial condition and prospects.***

Jewellery purchases are typically high-value, luxury purchases and depend on consumers' discretionary spending power. Various factors affect discretionary consumer spending, including economic conditions, perceptions of such conditions by consumers, economic outlook, employment, the level of consumers' disposable income, the savings ratio, business conditions, inflation levels, interest rates, consumer debt and asset values, availability of credit and levels of taxation, among others.

Most of our customers are individuals who purchase jewellery for personal use and who are generally less financially resilient than corporate entities. Additionally, gold and diamond jewellery is not perceived to be a necessity which may result in a significant fall in demand in the case of adverse economic conditions as opposed to demand for those goods that are perceived as a necessity. Any such fall in demand or a decline in the general economic conditions in India or our international markets or conditions which may bring discretionary spending by consumers under pressure could adversely affect our business, financial condition and results of operations.

**9. *The non-availability or high cost of quality gold bullion and diamonds may have an adverse effect on our business, results of operations, financial condition and prospects.***

Timely procurement of materials such as gold bullion, diamonds and precious and semi-precious stones, as well as the quality and the price at which they are procured, play an important role in the successful operation of our business. Gold used in our manufacturing operations, particularly for jewellery to be sold within India, is primarily sourced from nominated banks and agencies in India. We may also require specific quality raw materials including precious stones for a particular jewellery design. Accordingly, our business is affected by the availability, cost and quality of raw materials. The prices and supply of these and other materials depend on factors beyond our control, including general economic conditions, competition, production levels and regulatory factors such as import duties. Currently, the RBI allows only certain banks in India to import precious metals such as gold and we are subject to the rates of interest charged by these banks. There has been a significant increase in the cost of gold and diamonds in recent years, which has resulted in an increase in our operational cost. We cannot assure you that we will be able to procure quality raw materials at competitive prices or at all. Our gold loan arrangements are typically limited by the amount of gold that we can procure under the agreement and we may not be able to renew these agreements, on favourable terms, or at all. In addition, if for any reason, our primary suppliers of raw materials should curtail or discontinue their delivery of such raw materials to us, in the quantities we need and at prices that are competitive, our ability to meet our material requirements for our operations could be impaired, our delivery schedules could be disrupted and our business and reputation may be adversely affected. Further, any rise in gold prices may cause customers to delay their purchases, thereby adversely affecting our business, operations and financial condition.

We typically execute purchase orders for diamonds on a spot basis with our suppliers and have not entered into any long-term contracts with them. We source most of our cut and polished diamonds from a limited number of diamond traders in India and overseas. Purchase of diamonds is on a fixed payment basis; i.e. the price and the credit period is fixed at the time of purchase. Should any of our suppliers cease to be able or willing to continue supplying us with diamonds on terms that are acceptable to us, we may have to find other suppliers. There can be no assurance that such other suppliers will be able to meet our needs or be as reliable or provide diamonds of the same quality at the same prices as our current suppliers. Any disruption of supplies from our current diamond suppliers or a failure to adequately replace them may materially and adversely affect our business, results of operations, financial condition and prospects.

***10. Our financing agreements contain covenants that limit our flexibility in operating our business. Our inability to meet our obligations, including financial and other covenants under our debt financing arrangements could adversely affect our business, credit rating, results of operations and financial condition.***

As of February 27, 2017, our total outstanding indebtedness, consists of working capital facilities was ₹ 17,736.72 million. Our ability to meet our debt service obligations and repay our outstanding borrowings will depend primarily on the cash generated by our businesses.

Most of our financing arrangements are secured by substantially all of our movable and immovable assets. Our financing agreements typically include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities and entering into certain transactions and also covenants which require, inter alia, our Promoters to maintain a minimum threshold of shareholding and management control in our Company.

Specifically, under our financing agreements, we are required to obtain the consent from our lenders for, among other things, the following matters: (i) effecting any change in its capital structure or shareholding pattern; (ii) entering into any merger, consolidation, re-organisation, scheme of arrangement or compromise between our Company and its creditors or shareholders or if our Company effecting any scheme of amalgamation or reconstruction; (iii) diverting funds for purposes other than the sanctioned purpose; (iv) changing our management structure or control of our Company; (v) amending our constitutional documents; (vi) creating further charge, lien or encumbrance on assets hypothecated with our lenders; and (vi) declaring dividends.

As on the date of this Draft Red Herring Prospectus, we have applied for such consents for the Issue from our nine consortium lenders. We have received consent from ICICI Bank Limited, our lead consortium bank for the Issue and have yet to receive consents from the remaining eight lenders. The lenders, at a consortium meeting held on October 24, 2016 have noted that we are proposing to undertake the Issue and have advised us to provide formal request letter for them to issue their consents. While our Company intends to obtain all the necessary consents in relation to the Issue from the remaining lenders prior to the filing of the Red Herring Prospectus with the RoC, undertaking the Issue without obtaining such lender consents in a timely manner or at all, or in contravention of any conditions contained in such consents, may constitute a breach of the respective loan agreements. Any such default will enable the lenders to cancel any outstanding commitments, accelerate the repayment and enforce their security interests and may also trigger cross-defaults of other loan facilities. Further, such lenders may also curtail our ability to utilise a portion the Issue Proceeds for repayment or prepayment of certain debt availed to us.

Further, our arrangements with some of our lenders require us, in the event of a default in repayment or prepayment, to convert the whole or part of the outstanding amount into fully paid up Equity Shares. See “**Financial Indebtedness**” on page 316.

Our financing agreements also typically contain certain financial covenants including the requirement to maintain, among others, specified debt-to-equity ratios. These covenants vary depending on the requirements of the financial institution extending the loan and the conditions negotiated under each financing document. Such covenants may restrict or delay certain actions or initiatives that we may propose to take from time to time.

We cannot assure you that we have complied with all such covenants in a timely manner or at all or that we will be able to comply with all such covenants in the future. For instance, in relation to the working capital facilities from our consortium lenders, as at March 31, 2016 and six months ended September 30, 2016, the facilities are overdrawn, on account of non-servicing of interest, by ₹ 251.99 million and ₹ 597.61 million, respectively, on a consolidated basis, which resulted in our loan accounts being classified as ‘Special Mention Account – 2’ by our consortium lenders. Further, in relation to ICDs availed from SICOM, as at March 31, 2016 and six months ended September 30, 2016, there has been a default in the payment of principal amount including the unpaid interest, on a consolidated basis aggregating to ₹ 8.57 million and ₹ 203.42 million, respectively. A failure to observe the covenants under our financing arrangements or to obtain necessary consents required thereunder may lead to the termination of our credit facilities, levy of penal interest, acceleration of all amounts due under such facilities and the enforcement of any security provided. Any acceleration of amounts due under such facilities may also trigger cross default provisions under our other financing agreements. If the obligations under any of our financing agreements are accelerated, we may have to dedicate a substantial portion of our cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for our working capital requirements and other general corporate purposes. Further, during any period in which we are in default, we may

be unable to raise, or face difficulties raising, further financing. In addition, other third parties may have concerns over our financial position and it may be difficult to market our financial products. Any of these circumstances could adversely affect our business, credit rating, results of operations and financial condition. Moreover, any such action initiated by our lenders could result in the price of the Equity Shares being adversely affected.

**11. We, as well as our Directors, Promoters and Group Companies are involved in certain legal and regulatory proceedings that, if decided adversely, may adversely affect our business, results of operations and financial condition.**

There are certain outstanding legal proceedings involving our Company, our Subsidiaries, our Promoters, our Directors and our Group Companies. These proceedings are pending at different levels of adjudication before various courts, tribunals, quasi-judicial authorities and appellate tribunals. A summary of proceedings involving our Company, Subsidiaries, Directors, Promoters and Group Entities as of the date of this Draft Red Herring Prospectus is provided below:

*Litigation against our Company*

S. No.	Nature of proceeding	No. of proceedings outstanding	Aggregate/approximate amount involved (₹)
1.	Direct tax	-	-
2.	Indirect tax	1	Not quantifiable
3.	Criminal proceedings	1	1.85 million
4.	Regulatory proceedings	2	6,164
5.	Other material legal proceedings	Nil	Nil

*Litigation by our Company*

S. No.	Nature of proceeding	No. of proceedings outstanding	Aggregate/approximate amount involved (₹ in million)
1.	Criminal proceedings	11	53.35
2.	Other material legal proceedings	Nil	Nil
3.	Indirect Tax Proceedings	2	30.59

*Litigation against our Subsidiaries*

S. No.	Nature of proceeding	No. of proceedings outstanding	Aggregate/approximate amount involved (₹ in million)
1.	Direct tax	3	51.23
2.	Indirect tax	6	54.39
3.	Criminal proceedings	5	4.52
4.	Regulatory proceedings	3	0.29
5.	Other material legal proceedings	Nil	Nil

*Litigation by our Subsidiaries*

S. No.	Nature of proceeding	No. of proceedings outstanding	Aggregate/approximate amount involved (₹ in million)
1.	Criminal proceedings	47	193.22
2.	Other material legal proceedings	Nil	Nil
3.	Direct Tax	5	5.4
4.	Indirect Tax	9	135.46

*Litigation against our Directors*

S. No.	Nature of proceeding	No. of proceedings outstanding	Aggregate/approximate amount involved (₹)
1.	Direct tax	Nil	Nil
2.	Indirect tax	Nil	Nil
3.	Criminal proceedings	9	26.54 million
4.	Statutory and Regulatory proceedings	4	6,164
5.	Other material legal proceedings	Nil	Nil

*Litigation by our Directors*

S. No.	Name of the Director	No. of proceedings outstanding	Aggregate/approximate amount involved (₹ in million)
1.	Criminal proceedings	4	10.32
2.	Other material legal proceedings	Nil	Nil
3.	Direct tax	5	512.76
4.	Indirect Tax	Nil	Nil

*Litigation against our Promoters*

S. No.	Nature of proceeding	No. of proceedings outstanding	Aggregate/approximate amount involved (₹ in million)
1.	Direct tax	2	0.12
2.	Indirect tax	3	843.91
3.	Criminal proceedings	2	0.8
4.	Regulatory proceedings	4	Not quantifiable
5.	Other material legal proceedings	2	422.78
6.	Winding up proceedings	2	8.03

*Litigation by our Promoters*

S. No.	Nature of proceeding	No. of proceedings outstanding	Aggregate/approximate amount involved (₹ in million)
1.	Criminal proceedings	4	87.99
2.	Other material legal proceedings	1	136.82
3.	Direct Tax	23	5,113.61
4.	Indirect Tax	9	251.44
5.	Winding up	2	8.03

*Litigation against our Group Companies*

S. No.	Nature of proceeding	No. of proceedings outstanding	Aggregate/approximate amount involved (₹ in million)
1.	Direct tax	1	0.45
2.	Indirect tax	14	291.37
3.	Criminal proceedings	12	48.77
4.	Regulatory proceedings	1	1.05
5.	Other material legal proceedings	1	100
6.	Winding up proceedings	6	59.86

### *Litigation by our Group Companies*

S. No.	Nature of proceeding	No. of proceedings outstanding	Aggregate/approximate amount involved (₹ in million)
1.	Criminal proceedings	9	223.35
2.	Other material legal proceedings	2	1,615.63
3.	Direct Tax	9	17.68
4.	Indirect Tax	4	25.74

The amounts claimed in these legal proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally. If any new developments arise, such as a change in the applicable laws or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase our expenses and current liabilities. For details of certain material legal proceedings against our Company, our Subsidiaries, our Promoters, our Directors and Group Companies, see “**Outstanding Litigation and Material Developments**” on page 319.

We cannot assure you that these legal proceedings will be decided in favour of our Company, our Subsidiaries, our Promoters, our Directors or our Group Companies, as the case may be, or that no further liability will arise out of these proceedings. Further, such legal proceedings could divert management time and attention and consume financial resources. Any adverse outcome in any of these proceedings may adversely affect our profitability and reputation and may have an adverse effect on our results of operations and financial condition.

**12. There have been certain instances of non-compliance of provisions of the Companies Act 2013 by our Company and our Subsidiaries and our Company has made applications for compounding of offences in relation such to non-compliances. There can be no assurance that the RoC and/or the National Company Law Tribunal will not take an adverse view and impose penalties on our Company or our Subsidiaries in this regard.**

In the past, there have been certain instances of non-compliance of provisions of the Companies Act 2013, by our Company and our Subsidiaries, GILI India, Bezel Jewellery and Nakshatra Brands, such as:

- non-compliance of Section 149 of the Companies Act 2013 and applicable rules in relation to appointment of independent directors;
- non-compliance of Section 135, Section 177 and Section 178 of the Companies Act 2013 in relation to the composition of the corporate social responsibility committee constitution, audit committee and nomination and remuneration committee;
- non-compliance of Section 203 of the Companies Act, 2013 and applicable rules in relation to appointment of managing director and chief financial officer; and
- non-appointment of company secretary.

As of the date of this Draft Red Herring Prospectus, our Company has and our Subsidiaries are in the process of filing applications for compounding of such offences before the National Company Law Tribunal, in relation to some of these non-compliances. There can be no assurance that the RoC and/or the National Company Law Tribunal will not take an adverse view and impose penalties on our Company or our Subsidiaries in this regard, which may range from ₹ 50,000 to ₹ 500,000. For details in relation to the compounding applications, see “**Outstanding Litigation and Material Developments - Details of prosecutions filed (whether pending or not); fines imposed or compounding of offences done in the last five years**” on page 321.

There can be no assurances that such non-compliances will not be repeated in the future, and that there will not be similar instances of such compounding or that we will not be subjected to penalties from the RoC.

**13. If we were to lose the services of members of our senior management team or key management personnel, our business and prospects may be adversely affected. Moreover, our failure to attract, motivate and retain sufficient skilled designers, craftsmen and sales personnel may adversely affect our business, results of operations, financial condition and prospects.**



As of February 28, 2017, we had 1,312 full time employees. Our future success depends in substantial part on our ability to recruit, hire, motivate, develop, and retain talented and highly skilled personnel and our senior management. We believe that the inputs and experience of our senior management are valuable for the development of business and operations and the strategic directions taken by our Company. For details in relation to the experience of our key management personnel, see “*Our Management*” on page 147. There is no assurance, however, that these individuals or any other member of our senior management team will not leave us or join a competitor, in the future. We cannot assure you that we will be able to retain these employees or find adequate replacements in a timely manner, or at all.

Further, in the jewellery industry, the level and quality of sales personnel and customer service are key competitive factors and an inability to recruit, train and retain suitably qualified and skilled sales personnel could adversely impact our reputation, business prospects and results of operations. Achieving this objective may be difficult due to many factors, including fluctuations in economic and industry conditions, shortages in skilled personnel, competitors’ hiring and retention practices, new entrants into the market, and the effectiveness of our hiring, compensation and retention programs. If one or more of our Key Management Personnel or other qualified personnel were to leave their present positions or were to take a prolonged leave of absence, we may not be able to replace them on a timely basis.

Our annualized employee attrition rates for Fiscal 2014, Fiscal 2015 and Fiscal 2016 were 6%, 5% and 4%, respectively, which we believe to be consistent for an organisation of our size and in our business. If we do not succeed in retaining, training and motivating our existing employees, including our Key Management Personnel, and in attracting and training new personnel, our business, results of operation, financial condition and prospects may be adversely affected.

***14. Our franchisee model and our reliance on franchisee arrangements expose us to additional risks and uncertainties in our business, including in the event we are unable to extend our franchisee network in the future.***

As we plan to expand our retail footprint through franchisee network, we rely on local expertise and the decision-making of the franchisee partner(s), managers and staff at such franchisee stores. We aim to ensure a uniform shopping experience and consistent high-quality customer service across all our franchise stores. At the same time, we give our franchisee partners a certain amount of autonomy to make use of their local knowledge and expertise to develop our business and they will ultimately be responsible for the end-customer's shopping experience, including the customer service they deliver.

However, we may face numerous risks and uncertainties in relation to such arrangements, including ineffective integration of operations, risks of misconduct by the franchisee’s or by their employees not subject to our control, difficulties in realising projected efficiencies, synergies, and exposure to new or unknown liabilities. Further, an inability on the part of our franchisee’s to meet customer requirements may lead to a failure of such a format and may adversely affect our business and brand. While our endeavour will be, through contractual protections and otherwise, to ensure that our franchisee partners comply with high standards of probity and integrity, such as through proper implementation of our compliance, monitoring and control systems, we cannot assure you that our franchisee partners will always maintain these high standards, which could negatively impact our business, prospects, financial condition and results of operations.

We also cannot assure you that our franchisee’s staff will not make decisions or take actions that are not in our best interests, thereby harming our business and our brand. In the event that any of the franchisees fail to exercise sound business judgment in operating their respective store, we may be unable to capitalise on growth opportunities in certain markets. Such actions by the franchisee staff may also lead to uneven shopping experiences and inconsistent customer service for our customers, which would harm our reputation and brand.

***15. Disruption of our relationships with our state and regional distributors, changes in their business practices, their failure to meet payment schedules and provide timely and accurate information or conflicts among our channels of distribution or our inability to further expand our distribution network could adversely affect our business, operating cash flows and financial condition.***

We are dependent on our distributors for the distribution of our products within India and internationally. Our business growth depends on our ability to attract additional dealerships and widen our distributor network. While

we believe, that we have good relations with our distributors but there is no assurance that our distributors will continue to do business with us or that we can continue to attract additional distributors to our network. If our competitors offer more favourable terms or have more products available to meet their needs or utilize the leverage of broader product lines sold through their channel, these distributors may decline to distribute our jewellery. In addition, our distributors could change their business practices, such as inventory levels, or seek to modify their contractual terms, such as payment terms, which could negatively impact our business, operating cash flows and financial condition.

We extend significant credit terms to our distributors pursuant to which our distributors are required to pay us a specified percentage of the price of the jewellery as an advance at the time of placing the order and the remaining amount is payable in subsequent intervals. Inability of our distributors to meet our payment schedules or any delay or non-receipt of payment from such distributors, which may result in significant loss and an increase in our working capital cycle and have a material adverse effect on our business, financial condition and results of operations. Further, any downturn in the general or local economic conditions of the markets in which our export distributors operate may adversely affect the collection of outstanding credit accounts receivable by us, increase our net bad debts and hence materially adversely affect our income and financial position.

We rely on our state and regional distributors and our international distributors to provide us with timely and accurate information about their inventory levels as well as sell-through of products purchased from us. We use this information as one of the factors in our forecasting process to plan future production and sales levels, which in turn influences our financial forecasts. If we do not receive this information on a timely and accurate basis, our results of operations and financial condition may be adversely impacted.

In order to expand the sales volume of our jewellery, it is essential that we continue to expand the density as well as the geographic reach of our existing distribution network and ensure that our jewellery reach every market segment and customer base. Our business and results of operations would be adversely affected if we were unable to maintain or further develop our relationships with significant distributors. The loss of business from any significant distributor(s) may have a material adverse effect on our results of operations.

***16. If we are unable to continue to develop innovative, fashionable and popular designs, demand for our jewellery may decrease.***

The jewellery industry, like other luxury retail industries, is subject to rapid and unpredictable changes in fashion trends and customer preferences. Customer preferences for jewellery designs and types may vary significantly from region to region in India. In addition, the availability and consumer acceptance of alternate metals such as cubic, zirconia, moissanite or laboratory-created diamonds has resulted in rapidly changing consumer preferences.

Our success depends largely on our ability to anticipate, gauge and respond to these changing consumer preferences and trends in a timely manner, while preserving and strengthening the perception and authenticity of our brand. We must therefore continue to develop innovative, trend-setting and stylish jewellery designs that are different from our competitors. Market acceptance of new designs and products is subject to uncertainty and we cannot assure you that our efforts will be successful. The inability of new designs or new jewellery lines to gain market acceptance could adversely affect our brand image, our business and financial condition. Achieving market acceptance for new designs or new jewellery lines may also require substantial marketing efforts and expenditures to increase consumer demand, which could constrain our management, financial and operational resources. If new designs we introduce do not experience broad market acceptance, our revenue could decline.

Moreover, although we change our jewellery designs on a regular basis, we do not register such designs under the Design Act, 2000. As such, it would be difficult for us to enforce our intellectual property rights on our designs and if our competitors copy our designs, in particular the designs of our products available on our website or the designs given to job-workers. If our competitors successfully copy our designs, we may suffer a loss of revenue, which could adversely affect our results of operations and financial condition. Further, designs developed by us may inadvertently infringe on the intellectual property rights of third parties, which may expose us to legal proceedings. As a result, we are susceptible to litigation for infringement of intellectual property rights. Any such litigation, proceedings or allegations could materially and adversely affect our reputation.

***17. Volatility in the market price of gold and diamonds has a bearing on the value of our inventory and may affect our income, profitability and scale of operations.***

The jewellery industry generally is affected by fluctuations in the price and supply of gold, to a lesser extent, diamonds and other precious and semi-precious metals and stones. Gold prices have been volatile in the recent past, although, there has been an increased investment demand for gold globally. Fluctuations in gold prices may affect consumer demand as well as operating costs of our Company. An increase in the price of gold may result in an increase in our income from sales assuming such increases do not adversely affect sales volumes. However, a significant increase in the price of gold or a negative outlook on future gold prices could, in the short term, adversely affect our sales volumes. Any such fluctuation in the price of gold, diamonds or other raw materials may materially and adversely affect our revenue from operations and profitability.

***18. Any increases in interest rates may have an adverse effect on our results of operations and financial condition.***

We are dependent upon the availability of equity, cash balances and debt financing to fund our operations and growth. Our borrowings are subject to interest rates which may be fixed from time to time at the discretion of our lenders. As of September 30, 2016, we have trade payables amounting to ₹ 43,869.50 million and as of February 27, 2017, our outstanding indebtedness amounted to ₹ 17,736.72 million. Any fluctuations in interest rates may directly impact the interest costs of such loans and, in particular, any increase in interest rates could adversely affect our results of operations. Further, our indebtedness means that a material portion of our expected cash flow may be required to be dedicated to the payment of interest on our indebtedness, thereby reducing the funds available to us for use in our general business operations. If interest rates increase, our interest payments will increase and our ability to obtain additional debt and non-fund based facilities could be adversely affected with a concurrent adverse effect on our business, financial condition and results of operations.

***19. Acquisitions, investments, collaborations, corporate reorganizations and other strategic transactions may result in operational difficulties, dilution and other adverse consequences.***

As a part of our business strategy, we undertake investments in, and collaborations with, businesses and companies that operate in the Indian jewellery industry, whose resources, capabilities and strategies are complementary to and likely to enhance our business operations. Similarly, we may engage in corporate reorganizations, where there are operational benefits expected to arise from such initiatives and opportunities.

We have entered, and may enter into, discussions regarding a wide array of potential strategic transactions, including corporate reorganization, acquisitions, investments, joint ventures or other business collaborations, divestments, or continuing operations following such strategic transactions.

The risks that we may face in connection with these transactions may include the following:

- our management and employees may be distracted by transition or integration activities;
- we may not successfully identify appropriate targets and opportunities;
- if we do identify suitable targets and opportunities, we may not be able to complete those transactions on terms commercially acceptable to us or at all;
- we cannot assure you that we will be able to achieve the strategic purpose and generate expected returns from such strategic transactions;
- our due diligence process may fail to identify all the problems, liabilities or other shortcomings or challenges in respect of a proposed strategic transaction;
- we may have higher than anticipated costs in continuing operations following a strategic transaction;
- we may face cultural challenges associated with integrating employees from the acquired company into our organization;
- our relationship with current and new employees, customers, partners and distributors could be impaired;

- there may be unknown liabilities or issues that could have an adverse effect on our financial condition and results of operation;
- we may face litigation or other claims in connection with, or may inherit claims or litigation as a result of a strategic transaction, including claims from terminated employees, customers including mobility subscribers, or other third parties; and
- we may have problems extending and upgrading our accounting, management information, human resource and other administrative systems following such strategic transaction.

If any of the foregoing risks materialize, they could have an adverse effect on our business, financial condition, results of operations and prospects. Moreover, acquisitions, mergers and amalgamations at times require prior approval of the anti-trust regulator in the relevant jurisdiction. For example, in India, acquisitions, mergers and amalgamations that exceed certain revenue and asset thresholds require prior approval by the CCI. Any acquisitions, mergers or amalgamations that have an appreciable adverse effect on competition in India may be subject to remedial measures proposed by the CCI. We cannot assure you that we will be able to obtain approval for any such future transactions on satisfactory terms, or at all. See also, ***“Our businesses and activities may be regulated under competition laws in India, and any adverse application or interpretation of such laws could adversely affect our business and prospects.”***

***20. Our Company has, in the past, made applications for condonation of delay in respect of delay in making a form filing with the RoC in relation to the charge created by us in favour of one of our lenders. There can be no assurance that there will not be any delay in making form filings in the future.***

Our Company has created charge in favour of Syndicate Bank for an amount of Rs. 80 million by way of a hypothecation agreement dated February 21, 2015 against our movable property. In terms of the Companies Act 2013, our Company was required to make the requisite form filing with the RoC within 30 days from the date of creation of the charge. However, our Company made the requisite form filing with the RoC on October 8, 2016, after a delay of more than 300 days from the date of creation of the charge. Our Company has filed a petition dated October 25, 2016 before the Regional Director, Western Region, Mumbai under Section 87 of the Companies Act 2013 for condonation of this delay. The Regional Director, Western Region, Mumbai, by an order dated February 10, 2017 has condoned the delay and has levied a penalty of ₹ 50,000 on our Company. There can be no assurance that there will not be any delay in making form filings in the future and we may be subject to penalties prescribed under the Companies Act 2013.

***21. We are subject to surveys from statutory authorities from time to time. Any such surveys might have an adverse effect on our business, financial condition and results of operations.***

We are subject to surveys from the statutory authorities from time to time. For instance, our Company, our Subsidiaries and our Promoter, GGL were subject to a survey under Section 133A of the Income Tax Act in January, 2017. We have furnished certain information and are in the process of furnishing certain additional information. Financial impact, if any, is not ascertainable at this stage. While we have not received any notices, there can be no assurance that the Indian Income Tax Department will not take an adverse view and impose penalties on our Company, our Subsidiaries or our Promoters, which may in turn have an adverse effect on our business, financial condition and results of operations.

***22. Some of our government approvals are not traceable. We cannot assure you that we will not be subject to any future inquiry or penalty by the competent regulatory authority(ies) in this respect.***

Certain of our government approvals, including in relation to: (i) the certificate of registration under the Uttar Pradesh Value Added Tax, 2008 for our subsidiary, GILI India; (ii) the certificate of registration issued under Delhi Value Added Tax Act, 2004 for our subsidiary, GILI India; (iii) the registration issued under Contract Labour (Regulation and Abolition) Act, 1970 for our subsidiary, GILI India, and (iv) the certificate of registration issued under Maharashtra State Tax on Profession, Trades, Callings and Employments Act, 1975 for our subsidiary, Bezel Jewellery, are not traceable. Despite having conducted an extensive search of our records, and a search in the records of the relevant regulatory authorities, we have not been able to retrieve the aforementioned documents. We cannot assure you that we will not be subject to any future inquiry or penalty by the competent regulatory authority(ies) in this respect, including at any such time in the future, when we may seek to obtain a renewal, modification or confirmation regarding the subsistence and scope of such approvals.

**23. *Our ability to access capital depends on our credit ratings. Our credit ratings are currently suspended due to non-submission of certain information by our Company. Non availability of credit ratings or a poor rating may restrict our access to capital and thereby adversely affect our business and results of operations.***

The cost and availability of capital, among other factors, depend on our credit ratings. Our credit ratings are currently suspended due to non-submission of certain information by our Company. Ratings reflect the rating agency's opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations. Our inability to obtain such credit ratings in a timely manner or any non-availability of credit ratings, or poor ratings may increase borrowing costs and constrain our access to capital and lending markets and, as a result, could adversely affect our business and results of operations. In addition, non availability of credit ratings could increase the possibility of additional terms and conditions being added to any new or replacement financing arrangements.

**24. *Conflicts of interest may arise out of common business objects shared by our Company, our Promoters and various members of our Promoter Group and Group Companies.***

Our Promoters and various members of our Promoter Group and Group Companies have interests in other companies and entities that may compete with us. As a result, conflicts of interest may arise in allocating or addressing business opportunities and strategies among our Company and other members of our Promoter Group and Group Companies in circumstances where our interests differ from theirs. There can be no assurance that such members of our Promoter Group or Group Companies will not compete with our existing business or any future business that we may undertake, or that their interests will not conflict with ours. Further, there is no requirement or undertaking for our Promoters or Group Entities or such similar entities to conduct or direct any opportunities relating to the jewellery industry only to or through us. As a result, conflicts of interests may arise in allocating business opportunities among our Company and our Group Entities in circumstances where our respective interests diverge. In cases of conflict, our Promoters may favour other companies in which our Promoters have interests. There can be no assurance that our Promoters or our Group Entities or members of the Promoter Group will not compete with our existing business or any future business that we may undertake or that their interests will not conflict with ours.

**25. *We have entered into transactions with related parties. These or any future related party transactions may potentially involve conflicts of interest and there can be no assurance that we could not have achieved better terms, had such arrangements been entered into with unrelated parties.***

We have entered into various transactions with related parties, including for procurement of goods and payments for expenses and services availed of by us. While we believe that all such transactions have been conducted on an arm's length basis and contain commercially reasonable terms, we cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. It is likely that we may enter into related party transactions in the future. Although going forward, all material related party transactions that we may enter into, will be subject to board or shareholder approval, as necessary under the Companies Act 2013 and the SEBI Listing Regulations, there can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations or that we could not have achieved more favourable terms if such transactions had not been entered into with related parties. Such related party transactions may potentially involve conflicts of interest. See "**Related Party Transactions**" and "**Financial Information**" on pages 182 and 184, respectively.

We cannot assure you that such transactions, individually or in the aggregate, will always be in the best interests of our minority shareholders and will not have an adverse effect on our business, results of operations, financial condition and cash flows.

**26. *We have not registered certain trademarks used by us for our business and our inability to obtain or maintain these registrations may adversely affect our competitive business position. Our inability to protect or use our intellectual property rights may adversely affect our business.***

Our name and trademarks are significant to our business and operations. We believe that several of our trade names have significant brand recognition in their respective sectors. The use of our brand name or logo by third parties could adversely affect our reputation, which could in turn adversely affect our financial performance and the market price of the Equity Shares. We have made applications for registration of trademark in relation to our



Company, including our Company's logo and other marks. We have received objections from the Registrar of Trademarks in relation to certain other applications made for the registration of trademarks. See "***Our Business – Intellectual Property***" and "***Government and Other Approvals***" on page 130 and page 339, respectively. However, these registrations have not yet been granted as on the date of this Draft Red Herring Prospectus. In the absence of such protection, we may not be able to prevent infringement of our trademark and a passing off action may not provide sufficient protection until such time that this registration is granted. Any misuse of our logo could adversely affect our reputation which could in turn adversely affect our financial performance and the market price of the Equity Shares.

If any of our unregistered trademarks are registered in favour of a third party, we may not be able to claim registered ownership of such trademarks and consequently, we may be unable to seek remedies for infringement of those trademarks by third parties other than relief against passing off by other entities. If such claims are raised in the future, these claims could result in costly litigation, divert management's attention and resources, subject us to significant liabilities and require us to enter into potentially expensive royalty or licensing agreements or to cease certain offerings. Our inability to obtain or maintain these registrations may adversely affect our competitive business position, affect our brand value and consequently have an adverse effect on our business, results of operations and financial condition.

***27. Our Restated Financial Statements for the preceding five years, on standalone as well as consolidated basis, included in this Draft Red Herring Prospectus, have been prepared under IGAAP, which varies in certain respects from other accounting principles, including IND (AS), which may be material to investors' assessment of our results of operations and financial condition.***

In accordance with India's roadmap for convergence of its existing standards with IFRS, referred to as IND (AS), announced by the MCA, through press notes dated January 22, 2010, read with the Companies (Indian Accounting Standards) Rules, 2015 issued by the MCA on February 16, 2015, effective April 1, 2015, our Company is required to prepare their financial statements in accordance with IND AS for periods beginning on or after April 1, 2017.

Pursuant to a SEBI circular dated March 31, 2016, with respect to financial information to be included in any offer document filed with SEBI on or after April 1, 2016 and until March 31, 2017, we have chosen to report our Restated Financial Statements, on a standalone as well as a consolidated basis, for the preceding five years and the six month period ended September 30, 2015 and six month period ended September 30, 2016, included in this Draft Red Herring Prospectus under Indian GAAP. Further our financial statements with respect to the six month period ended September 30, 2016 and September 30, 2015, have been reconciled in accordance with the IND (AS). In order to comply with requirements applicable to public companies in India, subsequent to our Equity Shares being listed on the Stock Exchanges, we will be required to prepare our annual and interim financial statements under IND (AS), as applicable. IND (AS) is different in many respects from Indian GAAP under which our audited financial statements for statutory reporting purposes under the Companies Act have been prepared until Fiscal 2016. The preparation and presentation of our financial statements after listing may be not be comparable with, or may be substantially different from, the preparation and presentation of the Restated Financial Statements is being disclosed in this Draft Red Herring Prospectus.

IND (AS) differs in significant respects from Indian GAAP. Although we have included a summary of qualitative and quantitative differences between Indian GAAP and IND (AS) in this Draft Red Herring Prospectus, under "***Significant Differences between Indian GAAP and IND (AS)***", on page 285, our financial statements reported under IND (AS) in future accounting periods may not be directly comparable with our financial statements historically prepared under Indian GAAP, including those disclosed in this Draft Red Herring Prospectus.

Moreover, our corporate Promoter, GGL, is listed with the Stock Exchanges and is required to report its financial statements (including on a consolidated basis) in accordance with IND (AS). You should not place reliance on any financial or other information available on our Company in the public domain, which does not form part of this Draft Red Herring Prospectus, including any financial information or related information historically disclosed and available in the public domain by or through our Promoter, GGL, pursuant to its reporting obligations as a company whose securities are listed on the Stock Exchanges.

Accordingly, the degree to which the Restated 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, Indian GAAP, the Companies Act and SEBI ICDR Regulations. Any reliance by a reader not familiar with Indian accounting practices and applicable laws on the financial disclosures presented in this



Draft Red Herring Prospectus should accordingly be limited. Further, our Restated Financial Statements included in this Draft Red Herring Prospectus may not form an accurate basis to consider the accounting policies and financial statements adopted by our Company for future periods, which may differ materially from our Restated Financial Statements. We urge you to consult your own advisors regarding differences between Indian GAAP and other accounting policies and the impact of such differences on our financial data, including the impact of our transition to, and adoption of IND (AS), for accounting periods commencing on or after April 1, 2016.

***28. Fraud, theft, employee negligence or similar incidents may adversely affect our results of operations and financial condition.***

As of September 30, 2016, we had total inventory consisting of raw materials, stock in process and finished goods to the value of ₹ 23,177.72 million. Our business operations also involve significant cash transactions and we maintain large amounts of inventory at manufacturing and warehousing facilities and our SIS, franchised stores and company owned and operated showrooms at all times. Our operations may be subject to incidents of theft or damage to inventory in transit, prior to or during showroom stocking and display. The jewellery industry also typically encounters some inventory loss on account of employee theft, shoplifting, vendor fraud, credit card fraud and general administrative error. Although we have set up various security measures, including tagging our products, CCTV in our manufacturing facilities and our company owned and operated showrooms, armed security guards and follow stringent operational processes such as daily stock taking, we have in the past experienced such incidents. There can be no assurance that we will not experience any fraud, theft, employee negligence, security lapse, loss in transit or similar incidents in the future, which could adversely affect our results of operations and financial condition.

Additionally, in case of losses due to theft, fire, breakage or damage caused by other casualties, there can be no assurance that we will be able to recover from our insurer the full amount of any such loss in a timely manner, or at all. If we incur a significant inventory loss due to third-party or employee theft and if such loss exceeds the limits of, or is subject to an exclusion from, coverage under our insurance policies, it could have a material adverse effect on our business, results of operations and financial condition. In addition, if we file claims under an insurance policy it could lead to increase in the insurance premiums payable by us or the termination of coverage under the relevant policy.

***29. Any failure or disruption or change of our information technology systems may adversely impact our business and operations.***

We rely on our IT systems to provide us with connectivity across our business functions through our software, hardware and network systems. We have implemented a web based ERP system provided by Orior across distribution network and offices, which allows us virtual connectivity across our distribution network and offices and helps us track our inventory and sales on a real time. Any failure in our IT systems or loss of connectivity or any loss of data arising from such failure could disrupt our ability to track, record and analyse work in progress, process financial information, manage creditors/debtors or engage in normal business activities, which could have a material adverse effect on our operations. Further, we individually tag each item that is sold through our distribution network, which enables us to track, record and analyse sales of our products to consumers across our distribution network. For details, see “***Our Business - Information Technology***” on page 130. Any such delay or disruption, or a failure to effectively and timely implement the technology initiatives, could have a material adverse effect on our business, financial condition and results of operations. Further, any failure, disruption or manipulation of our tagging system could disrupt our ability to track, record and analyse sales of our products and manage inventory levels in our stores, which could have a material adverse effect on our business.

***30. Our insurance policies may not adequately cover us against certain risks and hazards, which may have an adverse effect on our business.***

Our insurance policies currently comprise: (i) a jeweller's block policy; (ii) a fire policy; and (iii) a consumer insurance policy. For further information, see “***Our Business – Insurance***” on page 130. Notwithstanding the insurance coverage that we carry, we may not be fully insured against some business risks. There are many events that could significantly impact our operations, or expose us to third-party liabilities, for which we may not be adequately insured. There can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part, or on time. To the extent that we suffer any loss or damage that is not covered by insurance or exceeds our insurance coverage, our business, financial condition and results of operations could be

adversely affected. The extent of the possible effect on our business, financial condition and results of operation is not disclosed as it cannot be quantified.

**31. We have contingent liabilities not provided for Fiscals 2016, 2015, 2014, 2013 and 2012 and for the six months ended September 30, 2016 and our profitability could be adversely affected if any of these contingent liabilities materialize.**

We had the following contingent liabilities not provided for in our Restated Consolidated Financial Statements for Fiscals 2016, 2015, 2014, 2013 and 2012 and for the six months ended September 30, 2016:

(₹ in million)

Particulars	September 30, 2016	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Outstanding letter of credit	-	-	-	-	1970.00	2,027.50
Bank Guarantees given by subsidiaries	-	-	-	1.00	4,112.00	3,482.00
Disputed Income Tax	0.92	0.18	20.52	33.08	5.45	174.03
Estimated amounts of contracts remaining to be executed on Capital Account and not provided for	-	-	-	59.30	59.30	-
Summons/ show cause notice from Customs department	4.00	4.00	4.00	-	-	-
Guarantees given to Sales Tax / Custom /Excise Authorities/Civil Judge	1.30	1.33	1.30	0.30	1.69	8.07
Disputed Service Tax	22.63	22.63	22.63	22.63	22.63	22.63
Non Receipt of Sales Tax Declaration Form	31.76	40.64	104.21	81.87	73.80	59.77
Sales Tax demand Notice	142.43	142.43	142.43	142.43	-	-
Tax demand for various years as per TRACES	22.44	31.80	22.60	-	-	-
Disputed Central Excise	12.38	12.38	12.38	12.38	12.38	12.38
Litigations filed against the Company by franchisees, creditors, landlords, customers, suppliers and consumers	45.73	46.43	52.44	-	-	137.56

Note: GILI India has received notice from the Brihanmumbai Municipal Corporation for payment of octroi duty and pending settlement of the dispute, GILI India has made provisions for ₹ 11.40 million. Further, Nakshatra Brands has paid ₹ 1.19 million under protest to Delhi VAT authorities in respect of non-sale transaction during Fiscal 2012.

If these contingent liabilities materialize, fully or partly, this could have an adverse effect on our business, financial condition, results of operations and prospects. For further information on contingent liabilities, see “**Financial Statements - Restated Consolidated Financial Statements – Annexure 37**” on page 267.

**32. The examination reports on our Company’s Restated Consolidated Financial Statements and Restated Standalone Financial Statements contain certain emphasis of matters. We cannot assure you that such emphasis of matters for any fiscal periods will not affect our results of operations in such future fiscal.**

The Auditor’s examination reports on our Company’s Restated Standalone Financial Statements for the preceding five fiscals contains the emphasis of matters in relation to:

- a. overdrawn position in working capital borrowing from banks as compared to sanctioned limits:

(₹ in million)

Particulars	Six month ended 30th September		Year ended 31st March				
Years	2016	2015	2012	2013	2014	2015	2016
Amount	336.90	71.54	-	-	57.08	51.50	83.32

- b. non payment of self assessment tax of our Company which has been outstanding as at the date of signing of the balance sheets as detailed below:

(₹ in million)

Particulars	Six month ended 30th September		Year ended 31st March				
Years	2016	2015	2012	2013	2014	2015	2016
Amount	Nil	7.38	-	-	50.73	-	7.38

The Auditor's examination reports on our Company's Restated Consolidated Financial Statements for the preceding five fiscals contains the emphasis of matters in relation to:

- a. overdrawn position in working capital borrowing from banks as compared to sanctioned limits as detailed below:

(₹ in million)

Particulars	Six months ended 30th September		Year ended 31st March				
Years	2016	2015	2012	2013	2014	2015	2016
Amount	597.61	313.70	-	-	385.90	403.52	251.99

- b. non payment of self assessment tax of our Company and our Subsidiaries which has been outstanding as at the date of signing of the balance sheets and other statutory dues which has been outstanding over 180 days from the respective due dates as at respective balance sheet dates as detailed below:

(₹ in million)

Particulars	Six months ended 30th September		Year ended 31st March				
Years	2016	2015	2012	2013	2014	2015	2016
Self assessment tax	38.02	33.67	-	-	255.92	125.03	33.67
Other statutory dues	16.45	9.57	-	-	22.25	23.96	18.11

- c. Interest overdue in relation to inter corporate deposits availed by Nakshatra Brands from SICOM, where principal including interest is overdue:

(₹ in million)

Particulars	Six months ended 30th September		Year ended 31st March				
Years	2016	2015	2012	2013	2014	2015	2016
Principal and interest	203.42	207.63	-	-	211.12	203.40	8.57

- d. Overdues of the principal amount and interest of external commercial borrowings taken by GGL against collateral security of the land belonging to our Subsidiary, GILI India:

(USD in million)

Particulars	Six months ended 30th September		Year ended 31st March				
Years	2016	2015	2012	2013	2014	2015	2016
Principal	6.25	3.50	-	-	1.00	-	-
Interest	0.96	1.08	-	-	1.32	-	-

See "**Financial Information – Financial Statements**" on page 184.

We cannot assure you that our audit reports for any future fiscal periods will not contain qualifications, adverse remarks or emphasis of matters, or that any such qualifications, adverse remarks or emphasis or matters will not require adjustment in our financial statements for such future fiscal periods or otherwise affect our results of operations in such future fiscal periods.

**33. We have experienced negative cash flows in the past. Any such negative cash flows in the future could adversely affect our business, financial condition, results of operations and prospects.**

We had negative cash flows from our operations, on a consolidated basis, in Fiscals 2012, 2013 and 2014. For further information on our negative net cash flows, see "**Financial Statements - Restated Consolidated Cash Flow Statement – Annexure 3**" on page 240. Negative cash flows in the future could adversely affect our business, financial condition, results of operations and prospects.

**34. Certain emphasis of matter and observations have been added by the statutory auditors and the secretarial auditors of GGL in its audit report and secretarial report, respectively, for Fiscal 2016. Further, there are certain qualifications and emphasis of matter in the financials of our Group Companies. We cannot assure you that the audit and secretarial reports of GGL or our Group Companies, will not contain qualifications, adverse remarks or emphasis of matters for any future fiscal periods or that any such qualifications, adverse remarks or emphasis of matters will not affect our results of operations in such future fiscal.**

The statutory auditors of GGL have added certain emphasis of matter in their audit report on GGL's financial statements for Fiscal 2016. Further, certain observations have been made in the secretarial audit report of GGL for Fiscal 2016. These are as set forth below:

- GGL has extended loans to subsidiaries which are interest free and therefore not in conformity with Section 186 of the Companies Act 2013;
- non-payment of overdue principal and interest aggregating to ₹ 24.17 million in relation to 12% non-convertible debentures issued to LIC of India. GGL has not created liquid assets as required under Rule 18(7) of the Companies (Share Capital and Debentures) Rules, 2014 in relation to the non-convertible debentures issued to the LIC of India;
- GGL has not filed the annual return on foreign liabilities and assets as required under Foreign Exchange Management Act, 1999 which was to be filed by July 15, 2015;
- in relation to external commercial borrowings availed from IDBI Bank, as at March 31, 2016, a principle amount of US\$ 2.79 million is overdue;
- in relation to the working capital facilities from the consortium of bankers, as at March 31, 2016, the facilities are overdrawn by ₹ 662.97 million on account of non-servicing of interest; and
- as at March 31, 2016, payment of self-assessment tax of ₹ 150.33 million for Fiscal 2013 and ₹ 25.66 million for Fiscal 2015 is outstanding for a period of more than six months.

The statutory auditors of certain Group Companies have added certain qualifications and emphasis of matters in their respective financials in relation to, among other things, (i) remuneration to directors in excess of limits approved by the board; (ii) outstanding disputed and undisputed statutory dues; (iii) litigation with tax authorities; (iv) accumulated losses exceeding the share capital of certain group companies; and (iv) overdrawn position in working capital facilities. See "**Our Promoter and Group Companies**" on page 159.

We cannot assure you that the audit and secretarial reports of GGL or our Group Companies, for any future fiscal periods, will not contain qualifications, adverse remarks or emphasis of matters, or that any such qualifications, adverse remarks or emphasis or matters will not affect our results of operations in such future fiscal periods.

**35. Certain of our, our Promoters' and our Group Companies' credit facilities are repayable on demand by the relevant lenders, including on the occurrence of an event of default in terms of such financing agreements.**

Some of our, as well as our Promoters' and Group Companies' credit facilities are repayable on demand by the relevant lenders. Further, the terms and conditions of any borrowings which we may incur in the future may provide that they may be recalled by the respective lenders at any time, including on the occurrence of an event of default.

We may, in the future, take advances from related parties, that are repayable on demand. If any of our credit facilities are recalled, we may not be able to repay the debt in a timely manner. Any failure to service such indebtedness or comply with any obligations under such financing agreements may cause us to incur penalty interest or may result in the termination of one or more of our credit facilities or acceleration or cross-acceleration of payments under such credit facilities, as well as the declaration of an event of default or cross-default, which may adversely affect our business, financial condition, results of operation and prospects.

**36. *We cannot assure you that the deployment of the Net Proceeds in the manner intended by us will result in increase in the value of your investment.***

We intend to primarily use the Net Proceeds for meeting our working capital requirements and general corporate purposes, as described under “*Objects of the Issue*” on page 89.

Our funding requirements and the deployment of the Net Proceeds are based on management estimates and have not been appraised by any bank, financial institution or other independent agency. In response to the dynamic nature of our business, our management will have broad discretion to revise our business plans, estimates and budgets from time to time. Consequently, our funding requirements and deployment of funds may change, which may result in rescheduling of the proposed utilization of the Net Proceeds and increasing or decreasing expenditure for a particular activity, subject to compliance with applicable law and the investment policies approved by our management.

Further, pursuant to Section 27 of the Companies Act 2013, any variation in the objects for which a prospectus has been issued would require a special resolution of the shareholders and the promoter or controlling shareholders will be required to provide an exit opportunity to the shareholders who do not agree to such proposal to vary the Objects in accordance with Chapter VI-A of the SEBI ICDR Regulations. Additionally, the requirement on the Promoters or controlling shareholders to provide an exit opportunity to such dissenting shareholders may discourage the Promoters or our controlling shareholders from undertaking steps for the variation of the proposed utilisation of our Net Proceeds, even if such variation is in our interest. Further, we cannot assure you that our Promoter or the controlling shareholders will have adequate resources at their disposal at all times to enable them to provide an exit opportunity to the dissenting shareholders at the price specified in the SEBI ICDR Regulations. These factors may restrict our ability to undertake any variation in Objects of Issue, even if such variation is in our interest, and may adversely affect our business and results of operations.

Further, pending utilization of the Net Proceeds, we are required to invest the Net Proceeds for any interim period only in scheduled commercial banks listed under Schedule II of the Banking Regulation Act, 1949. We cannot assure you that we will earn significant interest income on, or that we will not suffer unanticipated diminution in the value of, such interim investments.

**37. *Our registered office, manufacturing facilities and our owned and operated stores are located on premises leased by us from third parties. If we are unable to renew our existing leases or secure new leases on commercially acceptable terms, or if we fail to comply with the terms and conditions of our leases, resulting in termination of our leases, our business, financial condition and results of operations may be adversely affected. Further, in the event the land on which our manufacturing units and our owned and operated stores are situated are subject to irregularities in title, our operations may be impaired.***

Our registered office is situated on premises leased from a third party, N & J Finstocks Private Limited, for a period of three years, ending September 30, 2019. All our existing manufacturing facilities and company owned and operated stores are located at leased properties. We typically enter into lease agreements for a period ranging from one year to five years for our company owned and operated stores and our manufacturing facilities. In the event that existing leases are terminated or they are not renewed on commercially acceptable terms, we may suffer a disruption in our operations. If alternative premises are not available at the same or similar costs, size or locations, our business, financial condition and results of operations may be adversely affected. In addition, any adverse development relating to the landlord's title or ownership rights to such properties may entail incurring significant legal expenses and adversely affect our operations. Our existing leases for our stores and manufacturing facilities typically contain interest penalty for any delays in payment of rent and fixed price escalation clauses that provide for a periodic increase in rent. If our sales do not increase in line with our rent and costs, our profitability and results of operations could be adversely affected.

Further, there is no central land registry in India and title to land can be disputed, including on account of local land records not being duly updated, or not being maintained in a legible manner, or only being available in the local vernacular languages, as well as on account of actual or alleged short payment of stamp duty or registration fees (which may render our title documents inadmissible in evidence, unless stamped prior to enforcement with payment of requisite penalties and the lack of approvals from appropriate authorities). Consequently, should any dispute arise in relation to our use of the relevant properties, we may be unable to, or may incur additional expenses to, enforce our rights in relation to such properties. Any inability to protect rights to the land on which our facilities are located could have an adverse effect on our business, financial condition, results of operations and prospects.



**38. *We have not been able to locate certain records of the educational qualifications and professional experience of certain of our Directors and Key Management Personnel and have relied on declarations and affidavits furnished by such individuals for certain details of their profiles, as disclosed in the section “Our Management”.***

While our Directors and Key Management Personnel have supplied us with records of their respective qualifications, experience, awards and achievements, as disclosed in “*Our Management*” on page 147, certain records were not traceable, including on account of the lapse of a considerable amount of time since the dates of the events and details discussed in those biographies.

We and the BRLMs were not able to verify details pertaining to the following:

- certain educational qualifications of our Directors, Mr. Mehul Choksi, Ms. Nazura Ajaney, Mr. Milind Limaye and Mr. Anil Haldipur; and
- certain aspects of the professional experience of our Directors, Mr. Mehul Choksi and Mr. Milind Limaye, and our Key Management Personnel, Ms. Alpa Talsania, Mr. Saurav Bhattacharya, Mr. Rajesh Londhe and Mr. Kapil Khandelwal.

Accordingly, reliance has been placed on declarations, undertakings and affidavits furnished by these Directors and Key Management Personnel to us and the BRLMs to disclose details of their educational qualifications and professional experience in this Draft Red Herring Prospectus. We and the BRLMs have been unable to independently verify such information prior to its inclusion in this Draft Red Herring Prospectus.

**39. *We are exposed to foreign currency exchange rate fluctuations, which may have an adverse effect on our business, financial condition, results of operations and prospects.***

Our financial statements are presented in Indian Rupees. However, certain components of our revenue are denominated in foreign currency and influenced by foreign exchange rate fluctuations. In Fiscal 2016 and the six months ended September 30, 2016, foreign currency-linked revenue comprised 46.96% and 62.61%, respectively, of our consolidated total revenues. A substantial proportion of our foreign currency revenues are denominated in US \$. The exchange rates between the Indian Rupee and these currencies, have fluctuated significantly in the past and our results of operations and cash flows have been impacted and may in the future be impacted by such fluctuations.

**40. *Any future labour disputes, strikes or work stoppages may lead to lost production and/or increased costs, which may adversely affect our business, results of operations and financial condition.***

As of February 28, 2017, we had 1,312 full time employees, of which 499 employees are employed in our manufacturing facilities. Although we have not had strikes or work stoppages by our employees in the past, any strikes or work stoppages we may face in the future could have an adverse impact on our operations, particularly given our dependence on our skilled workforce. Any strike or work stoppage by our employees could have a material adverse effect on our business, financial condition and results of operations.

In addition, industry-wide strikes, such as the strike organized by the bullion traders and jewellers across India in April 2012 against the hike in import duty in gold and imposition of excise duty on unbranded jewellery, pursuant to the Finance Bill 2012-2013, and a nationwide one-day strike organized by jewellers association to oppose the government's plan to make PAN card mandatory for transaction over ₹ 0.10 million resulted in the loss of revenue for the industry. Such strikes have had an adverse impact on our business and operations as we also had to keep most of our distribution outlets closed during such strikes. There can be no assurance that there will not be such strikes in the future. Such long periods of business disruption could also result in a loss of customers, which would adversely affect our business, financial condition and results of operations. Further, if such strikes are held during periods in which we have higher sales, such as Durga Puja, Dhanteras, Diwali and Valentines Day, our sales would be materially and adversely affected.

**41. *Certain of our Group Companies have incurred losses in previous fiscals.***

Certain of our Group Companies have incurred losses in previous fiscals as set forth below:



(in million)

Particulars	Currency	Fiscal 2014	Fiscal 2015	Fiscal 2016
Shubalavanyaa Jewel Crafts Private Limited	INR	(0.14)	(0.04)	(0.48)
Gitanjali Jewellery Retail Limited	INR	(116.25)	(107.23)	(3.85)
Gitanjali Lifestyle Limited	INR	(229.60)	(77.62)	(1.52)
MMTC Gitanjali Limited	INR	(7.86)	(9.70)	(21.79)
Hyderabad Gems SEZ Limited	INR	(16.90)	(19.08)	(13.25)
Maya Retail Limited	INR	(114.51)	(29.19)	(1.09)
Diamlink Jewellery Inc	USD	4.52	0.78	(15.31)
Gitanjali Infratech Limited	INR	(67.54)	(2.82)	(5.35)
Leading Jewels of Japan KK	JPY	0.81	(174.05)	(25.30)
Abbeystret Thailand Limited	Baht	(63.49)	(57.42)	(5.78)
Jewelsouk Marketplace Limited	INR	(17.96)	(83.11)	(104.56)
Mannat Jewellery Manufacturing Private Limited	INR	(0.09)	(0.09)	(0.03)
Leading Italian Jewels SRL	Euro	(1.35)	(1.46)	(0.61)
Crown Aim limited	USD	(0.31)	(0.21)	0.49

Our Group Companies may incur further losses in the future, which could have an adverse effect on our reputation or prospects. For further information on our Group Companies, see “*Our Promoters and Group Companies*” on page 159.

**42. We have issued Equity Shares during the preceding 12 months at prices that may be lower than the Issue Price.**

We have, in the 12 months preceding the filing this Draft Red Herring Prospectus, issued Equity Shares at prices that may be lower than the Issue Price. See “*Capital Structure – Notes to Capital Structure*” on page 79. The price at which our Company has issued the Equity Shares in the past is not indicative of the price at which they will be issued or traded.

**43. This Draft Red Herring Prospectus contains information from industry sources including the industry report commissioned from CARE. Prospective investors are advised not to place undue reliance on such information.**

This Draft Red Herring Prospectus includes information derived from an industry report titled “*Report on Indian Gems & Jewellery Industry*”, dated December 13, 2016, prepared by CARE (the “**CARE Report**”).

We have commissioned the CARE Report for the purpose of confirming our understanding of the jewellery industry in India and abroad. Neither we, our Directors, our Promoters, nor any of the BRLMs, nor any other person connected with the Issue has verified the information in the CARE Report and other industry sources, and we cannot guarantee the accuracy, adequacy or completeness of any such information. Moreover, industry sources including the CARE Report contain certain industry and market data, based on certain assumptions. There are no standard data gathering methodologies in our sector, and methodologies and assumptions vary widely among different industry sources. Further, such assumptions may change based on various factors. We cannot assure you that such assumptions are correct or will not change. Accordingly, our position in the market may differ from that presented in this Draft Red Herring Prospectus. Further, the CARE Report does not contain any recommendation to invest in our Company. Prospective investors are advised not to place undue reliance on the CARE Report, or extracts thereof, included in this Draft Red Herring Prospectus when making their investment decisions.

**External risk factors**

**44. General economic conditions in India could adversely affect our business, financial condition, results of operations and prospects.**

Our financial condition and the results of our operations depend significantly on the health of the Indian economy. Various factors may lead to a slowdown in the Indian economy which in turn may have an adverse effect on our business, financial condition, results of operations and prospects.

Our business is concentrated in India and substantial revenues are derived from customers in India. Accordingly, the performance and growth of our business is significantly dependent on the performance of the Indian economy. In the past, the Indian economy has been affected by global economic uncertainties, liquidity crisis, domestic policies, global political environment, volatility in interest rates, currency exchange rates, commodity and electricity prices, rising inflation rates and various other factors. The RBI, in its Sixth Bi-monthly Monetary Policy Statement, 2016-17, has projected output growth for Fiscal 2017 at 7%. The RBI also indicated that inflation is expected to decelerate modestly and remain around 5% during Fiscal 2017. (Source: RBI Bi-monthly Monetary Policy Statement) However, there is no certainty that the Indian economy will not face high inflationary pressures in the future. High rates of inflation may decrease demand for our services and increase employee costs, which may have an adverse effect on our profitability and competitive advantage.

Additionally, an increase in trade deficit or a decline in India's foreign exchange reserves could negatively affect interest rates and liquidity, which could adversely affect the Indian economy and our business. Any downturn in the macroeconomic environment in India could have an adverse effect on our business, financial condition, results of operations and prospects.

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

As of the date of this Draft Red Herring Prospectus, India is rated Baa3 (Positive) by Moody's, BBB - (Stable) by Fitch and BBB- (Stable) by S&P. Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing may be available. This could have an adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures and the trading price of the Equity Shares.

***46. Political, economic or other factors beyond our control may have an adverse impact on our business, financial condition, results of operations and prospects.***

The following external risks may have an adverse impact on our business, financial condition, results of operations and prospects, should any of them materialize:

- the lingering effects of the global economic slowdown have generally dampened business confidence and made credit markets more volatile, as well as negatively impacting other industry players, including companies in the jewellery industry;
- increase in interest rates may adversely affect our access to capital and increase our borrowing costs, which may constrain our ability to grow our business and operate profitably;
- political instability, resulting from a change in governmental or economic and fiscal policies, may adversely affect economic conditions in India. In recent years, India has implemented various economic and political reforms. Reforms in relation to land acquisition policies and trade barriers have led to increased incidents of social unrest in India over which we have no control;
- civil unrest, acts of violence, terrorist attacks, regional conflicts or situations or war; for example, several parts of Jammu & Kashmir, Gujarat and Haryana were affected by agitations and protests in Fiscal 2016. If our operations are disrupted by any such agitation, particularly in locations where we have a significant presence or concentration, our business, financial condition, results of operations and prospects could be adversely affected. In addition, such events may result in investor concern regarding regional stability which could adversely affect the price of our Equity Shares. The occurrence of any of these events may result in a loss of investor confidence, which could potentially lead to economic recession and generally have an adverse effect on our business, results of operations and financial condition; and

- India has experienced natural calamities such as earthquakes, tsunamis, floods and drought in recent years that have impacted our operations, including Cyclone Phailin, which affected the coastal areas of the States of Odisha and Andhra Pradesh, the earthquake in the state of Uttarakhand in 2013, floods in the Kashmir valley in 2014 and the floods in Chennai in the state of Tamil Nadu in 2015. The extent and severity of such natural disasters determines their effect on the economy.

If such events should impact the national or any regional economies, our business, financial condition, results of operations and prospects may be adversely affected.

***47. Changing laws, rules and regulations and legal uncertainties specifically relating to tax laws, may adversely affect our business, financial condition, results of operations and prospects.***

We operate in a rapidly evolving regulatory and policy environment. Regulatory and policy changes may adversely affect our business, financial condition, results of operations and prospects, to the extent that we are unable to suitably respond to, and comply with, any changes in applicable law and policy. The Central or State Governments in India may implement new regulations and policies which will require us to obtain additional approvals and licenses from the GoI and other regulatory bodies or may impose onerous requirements and conditions on our operations. For details of the regulations and policies currently applicable to us, see “**Key Regulations and Policies in India**” on page 132.

In addition, the Central and State tax scheme in India is extensive and subject to change, from time to time. Taxes and other levies imposed by the Central or State Governments in India that affect our sector include customs duties, excise duties, sales tax, income tax and other taxes, duties or surcharges introduced on a permanent or temporary basis, from time to time. Any future increases in tax rates or amendments in tax laws may affect the operating efficiency and overall tax efficiency of companies operating in India, including our Company, and may result in significant additional taxes becoming payable. In the past, there have been instances in which changes in Indian taxation laws have been made retrospectively. We cannot assure you that retrospective changes in the taxation regime applicable to us will not recur.

The Indian Parliament has recently approved the adoption of a comprehensive national goods and services tax (“GST”) regime that combines taxes and levies by the Central and State Governments into a unified rate structure. When implemented, the GST rate may be higher than the current applicable taxes and we may not be able to pass the entire increase to our customers or our customers may reduce consumption due to increase in expenses. However, we cannot assure you as to this or any other aspect of the tax regime following implementation of the GST. Further, the General Anti Avoidance Rules (“GAAR”) are proposed to become effective from April 1, 2017. The tax consequences of GAAR provisions being applied to an arrangement could result in denial of tax benefit, among other consequences.

We have not yet determined the impact of recent and proposed legislations on our business and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future.

On November 8, 2016, the RBI and the Ministry of Finance of the Government withdrew the legal tender status of the then in circulation ₹ 500 and ₹ 1,000 currency notes pursuant to a notification dated November 8, 2016. The short-term impact of these developments has been, among other things, a decrease in liquidity of cash and consequently, spending, in India. There is uncertainty on the short and long-term effects of demonetization on the Indian economy and India’s capital markets are uncertain, and we cannot accurately predict its effect on our business, results of operations, financial condition and prospects.

***48. Our businesses and activities may be regulated under competition laws in India, and any adverse application or interpretation of such laws could adversely affect our business, financial condition, results of operations and prospects.***

The Competition Act, 2002 (the “**Competition Act**”) regulates practices that could have an appreciable adverse effect on competition in the relevant market in India. Any adverse application or interpretation of the Competition Act could adversely affect our business, financial condition, results of operations and prospects.

Under the Competition Act, any arrangement, understanding or action in concert, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India is void and may result in substantial monetary penalties and compensation to be paid to persons shown to have suffered losses. Any agreement among competitors, which, directly or indirectly, determines purchase or sale prices, results in bid rigging or collusive bidding, limits or controls production, supply, markets, technical development, investment or provision of services, or shares the market or source of production or provision of services in any manner, including by way of allocation of geographical area or types of goods or services or number of customers in the market, is presumed to have an appreciable adverse effect on competition.

Further, the Competition Act prohibits abuse of a dominant position by any enterprise, directly or indirectly, including by way of unfair or discriminatory pricing or conditions in sale of goods or services, limiting production of goods, provision of services, or technical or scientific developments relating to goods or services to the prejudice of consumers, using a dominant position in one relevant market to enter into, or protect, another relevant market, denial of market access, or making the conclusion of contracts subject to acceptance of unrelated supplementary obligations. Such practices are subject to substantial monetary penalties and may also be subject to compensation for losses and orders to divide the enterprise.

If we or any member of our group are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, proceedings initiated by the CCI, any claim by any party under the Competition Act, or any adverse publicity due to scrutiny or prosecution under the Competition Act, including financial penalties, our business, financial condition, results of operations and prospects may be adversely affected.

Acquisitions, mergers and amalgamations that exceed certain revenue and asset thresholds require prior approval by the CCI. Any acquisitions, mergers or amalgamations that have an appreciable adverse effect on competition in India may be subject to remedial measures proposed by the CCI. We cannot assure you that we will be able to obtain approval for any such future transactions on satisfactory terms, or at all.

***49. The results of the United Kingdom's referendum on withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and our business.***

In June 2016, a majority of voters in the United Kingdom elected to withdraw from the European Union in a national referendum. The referendum was advisory, and the terms of any withdrawal are subject to a negotiation period that could last at least two years after the government of the United Kingdom formally initiates a withdrawal process. Nevertheless, the referendum has created significant uncertainty about the future relationship between the United Kingdom and the European Union, including with respect to the laws and regulations that will apply as the United Kingdom determines which European Union laws to replace or replicate in the event of a withdrawal. The referendum has also given rise to calls for the governments of other European Union member states to consider withdrawal. These developments, or the perception that any of them could occur, have had and may continue to have an adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, financial condition and results of operations and reduce the price of our equity shares.

**Risks Related to the Issue and the Equity Shares**

***50. Our Promoters and Promoter Group will continue to retain majority shareholding in our Company following the Issue, which will allow them to exercise significant influence over us and may cause us to take actions that are not in our or your best interest.***

After the completion of this Issue, our Promoters and Promoter Group will collectively hold approximately [●]% of our Company's issued and outstanding Equity Shares. As a result, our Promoters and Promoter Group will be able to significantly influence the election of our Directors and control most matters affecting us, including our business strategies and policies, decisions with respect to mergers, business combinations, acquisitions or dispositions of assets, dividend policies, capital structure and financing, and may also delay or prevent a change of management or control, even if such transaction may be beneficial to our other Equity Shareholders.

We cannot assure you that our Promoters and Promoter Group will not have conflicts of interest with our other Equity Shareholders or with us. Any such conflicts may adversely affect our ability to execute our business strategy or operate our business.

***51. QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid, and Retail Individual Investors are not permitted to withdraw their Bids after Bid/Issue Closing Date.***

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are required to pay the Bid Amount on submission of the Bid, and are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. Events affecting the Bidders' decision to invest in the Equity Shares, including adverse developments in international or national monetary policy, financial, political or economic conditions, our business, results of operations or financial condition, may arise between the date of submission of the Bid by QIBs and Non-Institutional Investors and Allotment of the Equity Shares. Our Company may choose to complete the Allotment of the Equity Shares pursuant to this Issue despite the occurrence of one or more such events, and QIBs and Non-Institutional Investors would not be able to withdraw or lower their Bids in such or any other situation, once they have submitted their Bid.

Retail Individual Investors can revise or withdraw their Bids at any time during the Bid/Issue Period and until the Bid/Issue Closing Date, but not thereafter. Any adverse developments after the Bid/Issue Closing Date but prior to listing and commencement of trading of the Equity Shares could limit the Retail Individual Investors ability to sell the Equity Shares Allotted pursuant to the Issue or cause the trading price of the Equity Shares to decline on listing.

***52. The Equity Shares have never been publicly traded, and, after the Issue, the Equity Shares may experience price and volume fluctuations and an active trading market for the Equity Shares may not develop, which could mean 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 the Equity Shares. An active trading market on the Stock Exchanges may not develop or be sustained after this Issue. Moreover, the Issue Price is intended to be determined through a book-building process and may not be indicative of the price of the Equity Shares at the time of commencement of trading of the Equity Shares or at any time thereafter.

The trading price of the Equity Shares after the Issue may be subject to significant fluctuations in response to factors including general economic, political and social factors, developments in India's fiscal regime, variations in our operating results, volatility in Indian and global securities markets, developments in our business as well as the Indian jewellery market and market perception regarding our business, changes in the estimates of our performance or recommendations by financial analysts, and announcements by us or others regarding acquisitions, strategic partnerships, joint ventures, or capital commitments. The trading price of the Equity Shares may also decline in reaction to events that affect the entire market and/or other companies in the Indian jewellery industry even if these events do not directly affect us and/or are unrelated to our business or operating results.

***53. You may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.***

Capital gains arising from sale of equity shares in an Indian company, within 12 months, are generally taxable in India. Any gain realized on sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax ("STT") is paid on the transaction. STT is levied on and collected by an Indian stock exchange on which equity shares are sold. Any gain realized on the sale of equity shares held for more than 12 months to an Indian resident, other than on a recognized stock exchange and on which no STT has been paid, is subject to long term capital gains tax in India. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India.

Capital gains arising from the sale of equity shares is exempt from taxation in India, where an exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. However, generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable to pay tax in India as well as in their own jurisdiction on a gain on the sale of equity shares.



**54. *Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the value of the Equity Shares, independent of our operating results.***

Upon listing, the Equity Shares will be quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of the Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required.

Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of the Equity Shares may reduce the proceeds received by equity shareholders. For example, the exchange rate between the Indian Rupee and the U.S. dollar has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may have an adverse effect on the trading price of the Equity Shares and returns on the Equity Shares, independent of our operating results. For further information on exchange rates, see “*Certain Conventions, Use of Financial Information and Market Data and Currency of Presentation*” on page 13.

**55. *Any future issuance of Equity Shares, or convertible securities or other equity linked securities by us may dilute your shareholding, and significant sales of Equity Shares by our existing Shareholders, may adversely affect the trading price of the Equity Shares.***

Any future issuance of Equity Shares by our Company could dilute your shareholding. Any such future issuance of Equity Shares (including under any share-based employee benefit schemes) or future sales of the Equity Shares by any of our existing Shareholders or employees who have acquired such Equity Shares pursuant to any share-based employee benefit schemes may also adversely affect the trading price of the Equity Shares and impact our ability to raise capital through an offering of our securities. Any perception by investors that such issuances or sales might occur could also adversely 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. Additionally, the pledge or encumbrance of the Equity Shares by any of our Company’s major shareholders, or the perception that such transactions may occur may affect the trading price of the Equity Shares.

Further, pursuant to the Securities Contract (Regulations) Rules, 1957, Indian companies seeking to list on the Indian stock exchanges are required to achieve at least 25% public shareholding in accordance with the Securities Contract (Regulations) Rules, 1957 and other applicable laws. On listing, we will have approximately [●]% public shareholding and will be required to ensure that we reach the 25% minimum public shareholding threshold within three years of the date of listing of the Equity Shares in the Issue, by increasing our public shareholding. This may require us to issue additional Equity Shares or our Promoters to sell some of the Equity Shares that they hold, which may adversely affect the trading price of the Equity Shares.

**56. *You will not be able to sell any of the Equity Shares you purchase in the Issue on the Stock Exchanges until the Issue receives the appropriate trading approvals.***

The Equity Shares will be listed on the Stock Exchanges. Under the SEBI ICDR Regulations, we are required to list the Equity Shares within six working days of the Bid/ Issue Closing Date. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors’ book entry, or “demat”, accounts with depository participants in India are expected to be credited within two working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. Thereafter, upon receipt of final approval from the Stock Exchanges, trading in the Equity Shares is expected to commence within four working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. There could be a failure or delay in listing of the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval or otherwise commence trading in the Equity Shares would restrict investors’ ability to dispose of their Equity Shares. We cannot assure you that the Equity Shares will be credited to investors’ demat accounts, or that trading in the Equity Shares will commence, within the time periods specified above. We could also be required to pay interest at the applicable rates if allotment is not made, refund orders are not dispatched or Equity Shares are not credited to the investors’ demat accounts within the prescribed time limited under applicable laws.



***57. Our ability to pay dividends in the future will depend on various factors including our future income, expenses, liquidity and restrictions under applicable law as well as our financing arrangements.***

We have not declared any dividends since incorporation. We cannot assure you that we will pay dividends in the future. Any future dividend payments will depend on various factors, including our future income, expenses, liquidity and restrictions under applicable law as well as under our financing arrangements and other factors considered relevant by our Board. We may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on the Equity Shares. For, see “*Dividend Policy*” on page 183.

***58. Under Indian law, foreign investors are subject to restrictions that limit their ability to transfer shares, which may adversely impact the trading price of the Equity Shares.***

Under foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are permitted, subject to certain limited exceptions, if they comply with the pricing and reporting requirements specified by the RBI. If a transfer of shares is not compliant with such pricing or reporting requirements and does not fall under any of the exceptions specified by the RBI, then the RBI’s prior approval is required.

Additionally, shareholders who seek to convert Indian Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities.

We cannot assure you that any required approval from the RBI or any other Governmental agency can be obtained on any particular terms or in a timely manner, or at all.

***59. Rights of shareholders under Indian laws may be more limited than under the laws of other jurisdictions. For example, shareholders may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby suffer future dilution of their ownership position.***

Indian legal principles related to corporate procedures, directors’ fiduciary duties and liabilities may differ from those that would apply to a company in another jurisdiction. Shareholders’ rights under Indian law may not be as extensive as shareholders’ rights under the laws of other jurisdictions. Investors may have more difficulty in asserting their rights as shareholders in an Indian company, than as shareholder of a corporation in another jurisdiction.

For example, under the Companies Act, a public limited company incorporated under Indian law must offer its equity shareholders pre-emptive rights to subscribe to a proportionate number of equity shares to maintain their existing ownership, prior to issuance of any new equity shares, unless such pre-emptive rights have been waived by a special resolution passed by a three-fourths majority of the equity shareholders of the company, voting on such resolution. If you are a foreign investor and the law of the foreign jurisdiction you are in does not permit the exercise of such pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such foreign jurisdiction, you will be unable to exercise such pre-emptive rights, unless we make such a filing. If we elect not to file an offering document or a registration statement, the new securities may be issued to a custodian, who may sell the securities for your benefit. We cannot predict the value such custodian may receive on the sale of any such securities and the related transaction costs. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in our Company would be diluted.

***60. Foreign investors may have difficulty enforcing judgments against us or our management.***

Our Company is incorporated under the laws of India. Our Company’s assets are located in India and all of our Company’s Directors and Key Management Personnel are residents of India. As a result, it may not be possible for investors to effect service of process upon our Company or such persons in jurisdictions outside India, or to enforce against them judgments obtained in courts outside India. Moreover, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with Indian public policy.

In addition, a party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI to repatriate any amount recovered pursuant to the execution of a foreign judgment, and any such amount may be subject to income tax in India, in accordance with applicable law.

**61. Investors should not rely on information from sources other than this Draft Red Herring Prospectus.**

Investors should read this entire Draft Red Herring Prospectus carefully before making an investment decision concerning the Equity Shares and should not rely on information from other sources, or any particular statement herein, without carefully considering the risks and the other information in this Draft Red Herring Prospectus; in particular, published media reports have cited financial information which may not be accurate or complete. See, *“Our financial statements for the preceding five years, on a standalone as well as consolidated basis, included in this Draft Red Herring Prospectus, have been prepared under Indian GAAP, which varies in certain respects from other accounting principles, including IND (AS), which may be material to investors’ assessment of our results of operations and financial condition.”*

There has been coverage in the media in connection with us, our Promoters and our business in general. We cannot accept any responsibility for the accuracy or completeness of such information and make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media. To the extent that any information disseminated in the media is inconsistent with or conflicts with the information contained in this Draft Red Herring Prospectus, we expressly disclaim it.

**Prominent Notes:**

- Initial public offering of up to 18,000,000 Equity Shares of face value ₹ 10 each of our Company, for cash at a price of ₹ [●] per Equity Share aggregating up to ₹ [●] million, as set out in *“The Issue”* on page 71. The Issue shall constitute [●]% of the post-Issue paid-up Equity Share capital of our Company.
- The net worth of our Company as of September 30, 2016, as per our Restated Consolidated Financial Statements and Restated Standalone Financial Statements included in this Draft Red Herring Prospectus is ₹ 12,527.42 million and ₹ 8,670.05 million, respectively.
- The net asset value of our Company per equity share having a face value of ₹ 5 per equity share, as of September 30, 2016, as per our Restated Consolidated Financial Statements and Restated Standalone Financial Statements included in this Draft Red Herring Prospectus is ₹ 716.18 and ₹ 495.66, respectively.
- The average cost of acquisition per Equity Share held by our Promoters as of the date of this Draft Red Herring Prospectus is:

Name of Promoter(s)	Number of Equity Shares held	Average cost of acquisition (in ₹ per Equity Share)
<b>GGL</b>		
1. GGL and its nominees <sup>1</sup>	43,727,585	48.05
2. Mr. Mehul Choksi <sup>2</sup>	50	2.00
<b>Total</b>	<b>43,727,635</b> <sup>3</sup>	<b>48.05</b>
<b>Mr. Mehul Choksi<sup>4</sup></b>	<b>4,990</b>	<b>10.00</b>

<sup>1</sup> Excluding Mr. Mehul Choksi

<sup>2</sup> As a nominee of GGL

<sup>3</sup> Shares of face value ₹ 10 each

<sup>4</sup> As on the date of this Draft Red Herring Prospectus, Mr. Mehul Choksi does not hold any Equity Share of our Company in his individual capacity.

- Pursuant to a special resolution passed by our shareholders in their EGM dated October 4, 2016, the name of our Company was changed from ‘Gitanjali Brands Limited’ to ‘Nakshatra World Limited’ and a fresh certificate of incorporation was issued on November 11, 2016. See *“History and Certain Corporate Matters”* on page 136.
- Except for the acquisition of one equity share of face value of ₹ 5 from BCCL, as disclosed in this Draft Red Herring Prospectus, there has been no financing arrangement whereby our Promoter Group, directors of our Promoters, our Directors, or any of their relatives, have financed the purchase by any other person

of securities of our Company, other than in the ordinary course of the business of the financing entity, during the six months preceding the date of this Draft Red Herring Prospectus. See “*Capital Structure*” on page 79.

- For information on related party transactions between our Company or Subsidiaries and our Group Companies during the last financial year, including the nature and cumulative value of such transactions, see “*Financial Statements*” on page 184.
- For information regarding the business or other interests of our Group Companies in our Company, see “*Our Promoters and Group Companies*” and “*Financial Statements*” on pages 159 and 184, respectively.

**INVESTORS MAY CONTACT THE BRLMS THAT HAVE SUBMITTED THE DUE DILIGENCE CERTIFICATE TO SEBI OR THE REGISTRAR TO THE ISSUE, FOR ANY COMPLAINTS, INFORMATION OR CLARIFICATION PERTAINING TO THE ISSUE.**

## SECTION III – INTRODUCTION

### SUMMARY OF INDUSTRY

*The information contained in this section is derived from the CARE Report, which was commissioned by our Company and other publicly available sources. Unless specified otherwise, all information in this section has been derived from the CARE Report. Neither we, the BRLMs nor any other person connected with the Issue has independently verified this information accordingly, this information should not be relied on as if it had been so verified. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. The information in this section should be read in conjunction with the “Risk Factors” and “Our Business” on pages 18 and 120, respectively.*

#### Global Economic Overview:

The global economy, after having grown by 2.6% in calendar year (“CY”) 2014 and showing signs of recovery, witnessed a slightly lower growth of 2.4% in CY 2015 amid slowdown in investments, declining oil prices, and geopolitical tensions. Growth in the emerging and developing economies slowed down from 4.2% in CY 2014 to 3.4% in CY 2015 (estimated), owing to consolidation and rebalancing in China’s economy and recession in Brazil and Russia. In CY 2015, China grew 6.9% (compared to 7.3% in CY 2014), while the economies of Brazil and Russia registered negative growth figures of -3.8% and -3.7% respectively in CY 2015 (estimated) from 0.1% and 0.7% respectively in CY 2014. The growth rate in advanced economies improved to 1.8% in CY 2015 (estimated) from 1.7% in CY 2014. Recovery in the European Union, which grew at 1.6% in CY 2015 compared to 0.9% in CY 2014, was offset by the shrinking economies of the United Kingdom (down to 2.3% from 3.1%) and Canada (down to 1.1% from 2.5%), even as the powerful US economy remained stable at 2.4% in CY 2014 and CY 2015. (Source: World Bank).

	CY 2013	CY 2014	CY 2015(E <sup>1</sup> )	CY 2016(E <sup>1</sup> )	CY 2017(P <sup>2</sup> )	CY 2018(P <sup>2</sup> )
<b>World</b>	<b>2.4</b>	<b>2.6</b>	<b>2.4</b>	<b>2.4</b>	<b>2.8</b>	<b>3.0</b>
Advanced Economies	1.1	1.7	1.8	1.7	1.9	1.9
United States	1.5	2.4	2.4	1.9	2.2	2.1
Euro Area	-0.3	0.9	1.6	1.6	1.6	1.5
Japan	1.4	-0.1	0.6	0.5	0.5	0.7
<b>Select emerging and developing economies</b>	<b>4.7</b>	<b>4.2</b>	<b>3.4</b>	<b>3.5</b>	<b>4.4</b>	<b>4.7</b>
China	7.7	7.3	6.9	6.7	6.5	6.3
Indonesia	5.6	5.0	4.8	5.1	5.3	5.5
Brazil	3.0	0.1	-3.8	-4.0	-0.2	0.8
Russia	1.3	0.7	-3.7	-1.2	1.4	1.8
India	6.6	7.2	7.6	7.6	7.7	7.7

(Source: World Bank, CARE Report) <sup>1</sup>E=estimated, <sup>2</sup>P=projected

During CY 2016, sluggish growth in advanced economies, stubbornly low commodity prices, weak global trade, and diminishing capital flows has led to the World Bank reducing its global growth forecast from 2.9% to 2.4% for CY 2016. Further, unfavorable demographics, lingering after-effects of the global financial crisis and low productivity weighed down some of these economies. The impact of Britain’s exit from the European Union will be mostly felt in the European area with minimal impact on the global economy. Going forward, world GDP is expected to improve largely driven by the US economy and select emerging economies. (Source: CARE Report)

#### Indian Economic Overview:

The Indian economy witnessed another successful year, growing at 7.6% (based on the revised base of Fiscal 2012) in Fiscal 2016 compared to 7.2% in Fiscal 2015. Private consumption rose following weaker oil prices and higher real incomes. The exceptional performance of the Indian economy was primarily driven by strong growth

in the manufacturing activities, where Gross Value Added grew from 5.5% in Fiscal 2015 to 9.3% in Fiscal 2016. The services sector continued expanding at nominal rates, whereas the agriculture sector witnessed a marginal growth despite deficient rainfall. Government of India measures – thrust on ‘Make in India’; improving infrastructure; commitment to fiscal targets; and focus on ‘Start-up India’ for boosting Indian gems and jewellery industry entrepreneurship – are likely to create positive economic environment. Also, a forecast of above normal rainfall would drive higher growth in agriculture. With the aforesaid mentioned factors, the real GDP growth in India is expected to be 7.6% in Fiscal 2017.

### **Global Gems and Jewellery Industry:**

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. US, China, and India are the largest consumers of gems and jewellery with China and India being largely gold dominated. In Western Europe, the UK and Italy are the largest consumers and Italy is also one of the world’s largest jewellery fabrication centers. Emerging markets, like China and India’s 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. (Source: CARE Report)

Asia Pacific is the world’s largest jewellery market, with the main contributors being China and India, which are the largest consumers of jewellery in the world and have a large number of processing and manufacturing units.

### **Indian Gems and Jewellery Industry:**

#### ***Gems and Jewellery Industry Overview:***

India is a major processing hub for the global jewellery market, owing to its low-cost and highly-skilled labour advantage. India is also the world’s largest diamond-cutting and polishing centre and second largest gold jewellery centre.

The Indian gems and jewellery market comprises of jewellery (gold and silver), diamonds, coloured stones and pearls, among others. Gold and diamond jewellery are the two major segments of the industry globally and India dominates in both of them. Of the total diamonds sold around the world, more than 90% (14 out of 15) diamonds are cut and polished in India (60% by value) because of the low-cost and highly-skilled manpower. India continues to consume and import gold which crossed 850 tonnes per annum (CY 2015) as compared to (877 tonnes) in CY 2014.

#### ***Gold Jewellery***

In CY 2015, total domestic gold jewellery demand stood at 654.3 tonnes. Demand for domestic gold jewellery reached a historic high of 212.10 tonnes in third quarter of CY15; y-o-y growth of 15% on the back of drop in local price to ~ ₹ 25,000/10gms. However, gold jewellery demand hit a seven-year low of 88.4 tonnes during first quarter of CY 16; a 41% year on year decline. This was largely on account of sharp rise in the local gold price and jewellers strike for more than 40 days to protest against imposition of 1% excise duty on jewellery manufacturing in the Union Budget 2016-17. Most of the gold demand is met by imports.

Gold is one of the most essential materials in jewellery making and the price of gold is determined by the fundamental demand-supply dynamics of the bullion market. Gold has always been considered a safe haven asset which provides security during economic uncertainty. It has been observed that, the Indian consumer is very price sensitive and remains risk averse when the prices are volatile.

Global gold demand declined in CY 2015 to 4,212 tonnes from 4,226 tonnes in CY 2014 in volume terms (Source: CARE Report). 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. In India, the USD/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.

## ***Diamonds***

India is the world's largest cutting and polishing centre for diamonds, with the cutting and polishing industry being well supported by government policies. Moreover, India exports 95 percent of the world's diamonds.

## ***Import & Exports***

Gems and jewellery is one of the fastest growing sectors and is extremely export oriented and labour intensive. Based on its potential for growth and value addition, the Government of India has declared the Gems and Jewellery sector as a focus area for export promotion. The Government of India has recently undertaken various measures to promote investments and to upgrade technology and skills to promote 'Brand India' in the international market.

### ***Exports***

India is one of the largest exporters of gems and jewellery and the industry is considered to play a vital role in the Indian economy as it contributes a major chunk to the total foreign reserves of the country. The overall net exports of gems and jewellery in Fiscal 2016 stood at US\$ 31.98 billion, whereas exports of cut and polished diamonds stood at US\$ 19.99 billion. The gems and jewellery segment contributed 13.3% share in total exports, which makes the sector second largest exporter after petrochemicals which contributed 18.3% share in total exports in Fiscal 2015, thereby contributing in a big way to the India's foreign exchange earnings.

Gems and Jewellery exports declined in Fiscal 2016 to the lowest in six years, due to a slowing global economy which reduced the demand for luxury goods. India's net gems and jewellery export at almost \$31.98 billion, as compared to \$36.22 billion the previous year, was down 5.3 percent in dollar terms. The fall in gems and jewellery shipment was largely driven by a sharp fall in export of cut and polished diamonds at almost \$19.99 billion as against \$23.16 billion in 2014-15 (a fall of 7.5 percent). In rupee terms, however, the slump was 13.7 percent to ₹1.31 lakh crore, from ₹1.41 lakh crore the previous year.

### ***Imports***

During Fiscal 2016, import of rough diamonds dropped in India in line with weaker exports on account of weak international demand, high rough diamond prices and high inventory holding by manufactures. Rough diamond imports reduced by 16.17% in Fiscal 2016 to US\$ 14.04 billion compared to US\$ 16.75 billion in Fiscal 2015, mirroring the fall in India's export of polished diamonds. Imports of polished diamonds slumped nearly 58.28% to \$2.77 billion. (Source: CARE Report).

## ***Growth Prospects for Domestic Gems and Jewellery in India***

### ***Demand Drivers for Gold Jewellery***

#### ***Gold as a part of Indian tradition***

Traditionally gold jewellery has been an important part of Indian culture. The demand for gold jewellery is driven by festivals and weddings. As per Indian tradition, buying gold is considered auspicious on days like 'Dhanteras'. In marriages, gold jewellery is a preferred gift given by the family of the bride and the groom. About 60% of the Indian jewellery market is contributed by rural India. Gold jewellery is popular among farmers and an upsurge in gold demand is typically seen after a good harvest season. India, on an average, consumes about 800-850 tonnes of gold annually, majority of which is imported.

#### ***Important Savings and Investment Channel***

Apart from cultural and social significance, gold is also valued as an important savings and investment vehicle in India, second only to bank deposits. People in rural India have very few savings options and make it a point to save or invest their money in gold given that gold is highly portable, holds its value well, in times of uncertainty and can be easily converted to cash either through sale or for loan guarantees. More importantly, it has been observed that gold acts as a natural hedge against inflation. Gold is easily available throughout India and can be used for dual purpose of investment as well as jewellery. Also, other asset classes like equities are too complicated and volatile, whereas real estate requires an investment which is too high for an average household in India. Gold is a simpler alternative and can be bought in smaller denominations. As gold can be bought in smaller



denominations, investment in gold is a common saving strategy for Indian households. Investing in gold is matter of culture and is a value instilled in Indians from very early on.

#### *Rising income, urbanization and increasing savings levels*

Being one of the youngest nations in the world, India is poised for a steady economic growth. According to United Nations, 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. 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% which only helps in further demand for gold since gold and silver are the traditional saving options.

#### ***Demand Drivers for Diamond Jewellery***

Demand for diamond jewellery in India has not only increased due to changes in consumer preferences and increase in income levels but also because of rising gold prices and increasing cost effectiveness of diamonds as India is a low cost diamond processing hub.

#### *Increasing acceptability of diamond jewellery*

Traditionally, jewellery industry in India mainly comprised jewellery made from gold, as there were misconceptions and myths associated with diamonds of being unlucky. This is changing with an increased acceptance of diamond jewellery in the domestic markets. Also, diamond jewellery is increasingly accepted for weddings and engagement especially bridal jewellery.

#### *Diamond as a fashion statement*

Diamond jewellery is increasingly contributing to the changing fashion trends of the high class and middle class society of India, to differentiate them from other people. Diamond demand has also been benefited by increasing exposure to glamorous and fashionable world.

#### *Increased Marketing*

De Beers constantly works towards promoting the diamond jewellery market worldwide including India and has launched flagship brands in local markets, after intensive consumer research. Based on their market research and analysis, brands are introduced, nurtured and then handed over to its promoter partners to run. This brings awareness among people and induces them to buy diamond.

#### ***Retail Jewellery Segment***

Gold jewellery makes up for 80% of the ₹ 300,000 crore gems and jewellery market of India during CY15. The organized segment accounts for almost 28% - 30% while the unorganized one; primarily comprising local and independent stores, makes up for balance of the retail gems and jewellery market. Jewellery in India is retailed mainly through single stores, shop-in-shops, regional stores and national stores. The purchase of jewellery is largely based on trust exhibited by customers.

#### ***Branded Jewellery***

The jewellery companies seek to strengthen and differentiate its brands through unique, distinctive designs. With the growth in the branded jewellery segment, small artisans would face hard time as they lack marketing muscle present with the large jewellery groups. The growth is primarily driven by young consumers who are generally brand conscious, emerging market consumers for whom established brands inspire trust and a sense of upgraded lifestyle. Further the gradual shift in jewellery retailing from the traditional way of retailing to the modern, organized way of marketing – both online and offline has attracted private equity firms as well.

#### ***Online Jewellery Market Place***

The growing e-commerce market has been challenging all conventional modes of business recently, unlike old times where buying jewellery traditionally means a visit to the trusted family jeweler, moreover the perception of the consumers to buy expensive items from brick-and-mortar stores, which are perceived as more reliable and

which provide the opportunity to touch and feel the merchandise. Despite that, the growth in the online space has compelled the top jewellery houses to modify as per the changing trends; thereby jewellery houses are seen tying up with online service providers, namely Amazon, Flipkart, Ebay and others. The rationale for this is the change seen in the consumer behavior over the years especially that of young Indian women, who are exposed to global trends and are increasingly shopping online.

### ***Competitive Landscape***

Traditionally, the Indian gems and jewellery industry was highly fragmented with consumers typically buying from their family jewellers. However, in the last decade the industry has undergone a structural change and more gems and jewellery players are moving up the value chain towards an increasing focus for branded jewellery. Jewellery retailing is not only high margin and lucrative but is also largely untapped in India, thereby offering a huge upside. Due to rising gold prices, plain gold jewellery is losing ground to diamond jewellery. Further, jewellers have also launched low-value low-priced diamonds targeted at the working woman, as well as the bridal segment which further fuel demand. Increased off-take in diamonds and other precious stone jewellery, serves well for jewellers, since margins on these products are higher.

## SUMMARY OF BUSINESS







### Overview

We are an established pan-India player in the organized jewellery market in India, according to the CARE Report. We are an integrated player with a focus on manufacture and distribution of branded studded jewellery, gold jewellery and other jewellery products in India and overseas. We offer a wide range of branded jewellery, across various price points and tailored for different occasions and target customers, under the brands Nakshatra, Gili, Asmi, Sangini, Diya, Parineeta and Rivaaz. Each of our brands has been uniquely positioned to appeal to our diverse customer base.

As of September 30, 2016, our distribution network spread across 290 cities and towns in India, with more than 1,644 POS, through our distributors, 329 SIS and 61 stores, which includes 49 franchisee operated stores and 12 stores which are owned and operated by us. We also have 890 overseas POS located across China, Singapore, Thailand, Malaysia, Indonesia, United Arab Emirates, Saudi Arabia and Qatar. We also export studded and gold jewellery to international distributors in Dubai and Hong Kong, for distribution to retailers, including in Singapore, Indonesia, Malaysia, Thailand, United Arab Emirates, Saudi Arabia and Qatar. In terms of our geographic spread across India, we have a strong presence in the eastern and western parts of India, with 39% of our POS being located in the eastern region (comprising cities and towns such as Kolkata, Patna, Ranchi, Cuttack, Guwahati, Gaya and Siliguri) while 35% of our POS are located in the western region (comprising cities and towns such as Mumbai, Aurangabad, Nagpur, Jaipur, Bikaner and Solapur). Given the size, diversity and nature of the Indian jewellery market, we have created an omni-channel distribution network, across company owned stores, franchisees, retailers, through distributors, SIS in departmental stores, airports, malls and other high footfall areas. In addition to the sale of jewellery through our distributors, SIS and stores, we also sell gold and diamond jewellery through digital channels and online sales on our website and through other aggregators.

We have eight manufacturing units, two located in Mumbai, one in Jaipur, one in Surat and four in Hyderabad, with our manufacturing units at Hyderabad and Surat being located in SEZs. To support our distribution network, we have an in-house design team. We have a total design bank of 12,868 active stock keeping units (“SKUs”), of which approximately 4,000 new designs are churned every year by our in-house design team. We provide quality certificates, issued by independent valuers, on all our jewellery.

The following table illustrates our brands and their design concepts, in terms of styling, from classic to fashion brands:

Brand/ Logo	Design Concept
	Play of seven stone cluster, with or without colour stones.
	Low-weight classic and contemporary designs.
	Play of curves, which symbolizes the fire within, in more modern designs.
	Mainly traditional designs.
	Heavy pieces that are a unique blend of ‘conventional’ and ‘contemporary’ designs, crafted intricately.
	White sapphires with coloured stones exquisitely crafted in gold.

Brand/ Logo	Design Concept
<b>RIVAAZ</b>	The brand offers unique and delicate designs with an impeccable finish and a high wearable quotient in fashion jewellery.

We acquired the brands ‘Gili’, ‘Nakshatra’, ‘Asmi’, ‘Sangini’, and ‘Parineeta’ in 2011, and ‘Diya’ in 2016. Various celebrities such as Lara Dutta, Ankita Shorey and Mahesh Bhupati are brand ambassadors for our brands.

We are promoted by Mr. Mehul Choksi and GGL. GGL, the flagship company of the Gitanjali group, is a leading integrated jewellery manufacturing and retailing player that was established in 1986. GGL has been listed on the Indian stock exchanges since 2006. The Gili brand was launched in 1994 and was introduced in Shoppers Stop, as a modern retail outlet (i.e., an exclusive SIS store) in a departmental store in the same year. Due to the success of the branded jewellery concept in India, the Gitanjali group in collaboration with The Diamond Trading Company Limited (“DTC”), the marketing arm of De Beers S.A., launched three brands i.e., Nakshatra in 2000, Asmi in 2002 and Sangini in 2004, to promote diamond jewellery in India. Between 2006 and 2008, the Gitanjali group acquired these brands from DTC and further invested in their brand building and distribution network.

As a result of our customer-focused initiatives, our business has grown significantly in recent years. Our revenue from operations recorded in Fiscal 2014, 2015 and 2016 and the six months ended September 30, 2016 aggregated to ₹ 36,365.99 million, ₹ 45,483.40 million, ₹ 59,843.08 million and ₹ 40,000.69 million, respectively. Our net profit before minority interest was ₹ 153.65 million, ₹ 162.22 million, ₹ 800.25 million and ₹ 736.76 million, respectively, for the same period. Our revenue from operations has increased at a CAGR of 28.28% from ₹ 36,365.99 million in Fiscal 2014 to ₹ 59,843.08 million in Fiscal 2016, and our net profit before minority interest has increased at a CAGR of 128.22% from ₹ 153.65 million in Fiscal 2014 to ₹ 800.25 million in Fiscal 2016, respectively, for the same period. In Fiscal 2014, 2015 and 2016 and the six months ended September 30, 2016, our revenue from jewellery exported accounted for 21.92%, 27.60%, 46.65% and 62.07%, respectively, of our total revenue from operations.

## Competitive Strengths

### *Established brands in the organised Indian jewellery market.*

We are an established pan-India player in the organized jewellery market. Over the years, we have acquired and also created several brands which have become recognized names in the Indian jewellery market. We offer a wide range of differentiated jewellery, across price points and for different occasions and target customers, under the brands Nakshatra, Gili, Asmi, Sangini, Diya, Parineeta and Rivaaz. For example, Nakshatra and Parineeta are our luxury brands while Sangini, Rivaaz and Diya are targeted to the masses. Similarly, in terms of styling, we position Asmi and Gili as contemporary brands while Nakshatra and Parineeta are classic brands. Gili was accorded ‘Superbrand’ status in 2004 and Nakshatra was accorded ‘Superbrand’ status in 2004 and 2009.

Our key brands, Nakshatra, Gili, Asmi and Sangini are well established and have been developed over a period of time by strategic brand building efforts. We believe that our focus on quality, craftsmanship and original designs, together with our targeted marketing and customer service, has contributed to our strong brand recognition and customer loyalty. Various celebrities such as Lara Dutta, Ankita Shorey and Mahesh Bhupati are brand ambassadors for our various targeted brand propositions.

### *Extensive distribution network.*

We have an extensive distribution network across India and overseas which is designed to be more scalable and more cost-efficient, through the growth of our distribution network, including our company owned and operated stores, SIS stores and franchised stores. We follow the distribution model wherein we appoint regional distributors who further supply jewellery to local jewellers in their region. Our distribution model is designed to benefit from the Indian jewellery sector’s transition from a traditional and largely unorganised market to a modern, more organised market that includes branded products being sold to differentiated customer segments via multiple distribution channels, ranging from brick and mortar stores to digital channels. This model has allowed us to reach to 290 cities and towns across India and cater to a large customer base. As of September 30, 2016 more than 1,644 POS through our distributors, 329 shop-in-shops (“SIS”) and 61 stores, which includes 49 franchisee operated stores and 12 stores which are owned and operated by us. We also have 890 overseas POS located across China,

Singapore, Thailand, Malaysia, Indonesia, United Arab Emirates, Saudi Arabia and Qatar. We also export studded and gold jewellery to international distributors in Dubai and Hong Kong, for distribution to retailers, including in Singapore, Indonesia, Malaysia, Thailand, United Arab Emirates, Saudi Arabia and Qatar. In terms of our geographic spread across India, we have a strong presence in the eastern and western parts of India, with 39% of our POS being located in the eastern region while 35% of our POS are located in the western region.

The robustness of our business model is illustrated in our strong financial and operational growth over the years. Our revenue from operations has increased at a CAGR of 28.28% from ₹ 36,365.99 million in Fiscal 2014 to ₹ 59,843.08 million in Fiscal 2016 and our net profit before minority interest has increased at a CAGR of 128.22% from ₹ 153.65 million in Fiscal 2014 to ₹ 800.25 million in Fiscal 2016, respectively, for the same period

***Vertically integrated operations resulting in operational efficiencies and effective inventory and risk management.***

Our operations include manufacturing and distribution of branded jewellery, which provide us with several competitive advantages, including the ability to:

- adjust our manufacturing and product range to address shifts in customer preferences and changes in demand;
- offer customized designs to our customers;
- exercise greater control over the quality of our raw materials as well as our manufactured products;
- implement efficient and flexible inventory management due to our large distribution network which facilitates a rotation of stock every three to six months thereby helping to reduce our finished inventory holding period;
- ensure minimal work-in-process time by ensuring a smooth supply chain;
- gather and maintain market intelligence on manufacturing costs and design trends;
- be present at all levels of the value chain, which allows for supply chain efficiencies and overall operational synergies; and
- scale up our operations at lower costs.

We have developed an in-house marketing team that conducts customer feedback surveys, and identifies customer preferences and studies customer trends. We also have eight manufacturing units located at Mumbai, Hyderabad, Surat and Jaipur, equipped with modern equipment for jewellery manufacture. Our substantial manufacturing capabilities enable us to control costs, increase profitability and establish a competitive advantage over competitors that do not have own production facilities.

***Experience of our Promoters and strong management.***

Our Promoters, being involved in the jewellery business in India for more than three decades, have an established track record and extensive experience in the industry. Our corporate Promoter, GGL has sales and distribution across India as well as some of the larger global jewellery markets like USA, Japan, Middle East and China. We are able to access market opportunities and implement our growth strategies and serve a broad spectrum of customer needs by leveraging GGL's customer insights into differing regional preferences and international presence. We also leverage GGL's manufacturing and designing strengths to constantly innovate and cater to the evolving customer trends across the jewellery industry. Our Promoters are actively involved in our operations and bring to our Company, their vision and leadership, which we believe has been instrumental in sustaining our business operations.

In the past, we have relied on capital contributions by our Promoters, shareholders and borrowings from related parties as well as financial support in the form of guarantees by our Promoters in relation to our borrowings. We also source diamonds required for the manufacture of our jewellery, from our Promoter, GGL.

Our founder Promoter and the Chairman and Managing Director of our Company, Mr. Mehul Choksi, has over three decades of experience and is well known in the jewellery industry. He is also the chairman and managing director of our corporate Promoter, GGL. Mr. Mehul Choksi has won various awards such as the Rajiv Gandhi

Award in 2008, the Rotary Award for Professional Excellence in 2008 and the CSR Leadership Award in 2012. In addition to our Chairman and Managing Director, we have a dedicated management team, who are responsible for the overall strategic planning and business development of our Company. Mr. Kapil Khandelwal is our Chief Financial Officer, Mr. Saurav Bhattacharya is our President – Sales and Marketing of our Company, Mr. Rajesh Londhe is our the General Manager, Production and Ms. Alpa Talsania is our Senior Vice President, Inventory and Logistics. See “*Our Management – Key Management Personnel*” on page 156.

## **Our Strategies**

Our strategic intent is to leverage upon our business model and our competitive strengths to build brands and products that offer quality, trust and value to customers. We plan to achieve this by implementing the following strategies:

### ***Better control in distribution with focus on modern retail format stores.***

We believe that continuing to expand our distribution network will further consolidate our position in the Indian jewellery market. Our distribution network across India and overseas is designed to be more scalable and cost-efficient, as compared to a model which is reliant on the concept of owned stores, which require heavy operational expenditure. We seek to continue to grow our distribution network, with a focus on increasing our presence in the modern retail format stores, in order to capitalise on the growing market opportunity in this segment. For example, we are exploring channels like third-party large format departmental stores, government and army canteens, duty free stores at airports, in-flight, cruise liners, and other high footfall locations. We intend to adopt the ‘*brick and click*’ model and globally expand our POS to become one of the largest players in this category. We plan to increase our footprint in the tier two and tier three urban and semi-urban markets in India, through our distribution model, to benefit from growing demand and structural shift from unorganised to organised sales and distribution in the Indian jewellery market. Further, we intend to leverage our goodwill associated with our existing brands, to further develop our various sub-brands in target markets and product segments in India. We seek to achieve this through increased marketing initiatives, innovative promotional campaigns and extensive advertising.

### ***Expanding our digital presence.***

Our strategy is to establish ourselves in the digital space through our online platforms as well as through online marketplaces. With the increasing use of the internet in India and the continued development of online channels, we believe that we will be able to extend our customer reach and increase our sales through the digital mode with relatively lower investments. In addition, we believe that we can enhance our brand awareness among internet users and cater to a wider customer segment. We have launched our online platforms, [www.nakshatra.world](http://www.nakshatra.world), [www.gili.com](http://www.gili.com) and [www.asmidiamonds.in](http://www.asmidiamonds.in) through which we offer customized jewellery to a diverse range of customers. Further, we have started selling our products on websites of various e-commerce aggregators including [www.jewelsouk.com](http://www.jewelsouk.com). In keeping with the digital customers and general operating efficiencies, our strategy is to increase our business through the digital platform and leverage our manufacturing to create an asset light sales channel with multiple choices to our customers.

### ***Expanding our international presence.***

According to the CARE Report, India is one of the largest exporters of jewellery, with overall net exports of US\$ 31.98 billion in Fiscal 2016. United Arab Emirates, US, Russia, China, Singapore and Hong Kong are the biggest importers of Indian jewellery. We have accessed markets in Dubai and Hong Kong, for distribution to retailers, including in Singapore, Indonesia, Malaysia, Thailand, United Arab Emirates, Saudi Arabia and Qatar.

In Fiscal 2016 and six months ended September 30, 2016, our revenue from sale of jewellery in our international markets accounted for approximately 46.65% and 62.07%, respectively, of our total revenue from operations.

We intend to strengthen our export sales by leveraging low cost production, growing demand in global jewellery markets and our high quality international design capabilities to cater to global customers. We intend to continue to leverage our quality products and our long-standing relationships and credentials with our international customers to further develop our international markets. We intend to increase our international presence by expanding our distribution network among the Indian diaspora in the Indian sub-continent, China, Singapore and Middle-Eastern countries. We are also planning to open a subsidiary in Dubai which would enable us to have better control of distribution in the international market. Our strategy is to improve our margins and retain control



in the international distribution process, which are currently being undertaken by third party distributors. We intend to continue to leverage our procurement strength and experience and low cost manufacturing capabilities to achieve economies of scale for a long term target of being present and increasing our penetration in favourable geographies across the globe.

***Focus on product innovation.***

We intend to continue to expand our existing range of product offerings to cater to different customers and price segments through innovative designs. We have an in-house design team and a total design bank of 12,868 active SKUs, of which approximately 4,000 new designs are churned every year by our design team. Our strategy is to implement product innovation such as use of alternate metals and alloys in the manufacture of jewellery to increase affordability while still retaining the product quality and the brand essence. We have also adopted modern manufacturing techniques such as electroforming and stamping to manufacture lightweight products, which use lesser metal content, while still being aesthetically appealing.

***Continue to invest in our marketing and brand building initiatives.***

Our marketing and promotion efforts seek to increase sales by increasing brand awareness that stimulates interest in our product range and entrenching our position in the Indian jewellery industry. The key marketing channels that we use on an ongoing basis include customer advertisements with specific coverage in local lifestyle, fashion magazines and events and newspapers, outdoor billboards and signage, online and television advertisements. Going forward, our strategy is to increasingly market our products to our millennial customers through digital media, such as social media websites, rather than focusing primarily on print media. We believe our branding strategy helps us to retain existing customers and attract new customers. We intend to continue investing in our marketing initiatives and brand building exercise, including advertising through various media. We also continue to provide effective training for our sales personnel in sales techniques and product knowledge. We believe that effective marketing is important for future revenue growth, enhancing our brand visibility, to establish relationships with target markets and to sell our products in a competitive cost-effective manner.

***Focus on brand extension.***

We are exploring and evaluating the extension of some of our brands to include lifestyle categories such as apparel and accessories. We have already introduced our lifestyle products in our company owned and operated stores, SIS stores and franchised stores and are exploring tie-ups with partners in the lifestyle products segment. We intend to derive synergies from our established brands and the goodwill associated with our brands to develop our lifestyle products in our established markets in India and internationally. Going forward, we will continue to develop this segment through our extensive distribution network as well as through innovative sales channels such as online sales, television channels and impulse purchase points, including our SIS stores and franchised stores. We seek to achieve this through targeted marketing initiatives, innovative promotional campaigns and through increased emphasis on key merchandise items.

## SUMMARY FINANCIAL INFORMATION

*The following tables set forth summary financial information derived from our “**Restated Financial Statements**” for Fiscals 2016, 2015, 2014, 2013 and 2012 and the six month period ended September 30, 2015 and the six month period ended September 30, 2016. The “**Restated Financial Statements**” have been prepared in accordance with Indian GAAP and the Companies Act and have been restated in accordance with the SEBI ICDR Regulations and are presented in “**Financial Statements**” on page 184. The summary financial information presented below should be read in conjunction with such “**Restated Standalone Financial Statements**” and “**Restated Consolidated Financial Statements**” on pages 184 and 231 respectively, the notes and annexures thereto and “**Management’s Discussion and Analysis of Financial Condition and Results of Operations**” on page 293.*

**Nakshatra World Limited (Formerly Known as Gitanjali Brands Limited)**

**Annexure 1: Restated Standalone Balance sheet as at,**

		(INR - million)						
	Annexure	September 30, 2016	September 30, 2015	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
<b>I. EQUITY AND LIABILITIES</b>								
<b>Shareholders' Funds</b>								
Share Capital	5	87.46	87.46	87.46	87.46	87.46	87.46	83.50
Reserves and Surplus	6	8,582.59	8,573.75	8,558.77	8,552.77	3,034.10	2,986.76	851.88
Money Received Against Share Warrants		0.00	0.00	0.00	0.00	40.00	40.00	40.00
		8,670.05	8,661.21	8,646.23	8,640.23	3,161.56	3,114.22	975.38
Share Application Money Pending Allotment		0.00	0.00	0.00	0.00	0.00	760.00	0.00
<b>Non Current Liabilities</b>								
Other Long Term Liabilities	7	150.06	150.06	150.06	170.06	0.00	0.00	1,200.21
Long Term Provisions	8	3.28	2.57	3.47	2.75	2.33	4.05	2.34
		153.34	152.63	153.53	172.81	2.33	4.05	1,202.55
<b>Current Liabilities</b>								
Short Term Borrowings	9	3,738.42	4,134.69	4,303.38	3,896.78	3,578.21	900.36	253.31
Trade Payables	10	5,942.09	2,276.21	1,449.08	3,211.07	1,895.02	4,976.28	4,642.56
Other Current Liabilities	11	123.67	97.40	96.56	81.93	69.28	92.01	59.00
Short Term Provisions	12	16.56	20.60	9.86	15.72	66.39	71.55	7.07
		9,820.74	6,528.90	5,858.88	7,205.50	5,608.90	6,040.20	4,961.94
<b>TOTAL</b>		<b>18,644.13</b>	<b>15,342.74</b>	<b>14,658.64</b>	<b>16,018.54</b>	<b>8,772.79</b>	<b>9,918.47</b>	<b>7,139.87</b>
<b>II. ASSETS</b>								
<b>Non Current Assets</b>								
Fixed Assets (Net)	13							
Tangible Assets		4.64	5.91	5.00	6.21	15.16	19.54	19.04
Intangible Assets		0.10	0.15	0.11	0.18	0.31	0.51	0.31
Non Current Investments	14	7,309.43	7,309.43	7,309.43	7,309.43	1,820.93	1,820.93	1,820.93
Deferred Tax Assets (Net)	15	8.44	8.06	7.52	7.30	5.55	4.87	2.43
Long Term Loans & Advances and Other Assets	16	149.73	273.37	145.60	198.82	146.83	149.99	137.61
		7,472.34	7,596.92	7,467.66	7,521.94	1,988.78	1,995.84	1,980.32

		(INR - million)						
	Annexure	September 30, 2016	September 30, 2015	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
<b>Current Assets</b>								
Inventories	17	603.08	599.99	774.13	1,402.32	245.69	2,232.46	1,828.98
Trade Receivables	18	10,342.04	6,957.07	6,238.70	6,903.41	6,256.57	4,875.25	2,967.61
Cash and Bank Balance	19	145.78	134.60	98.79	132.13	218.85	752.34	307.97
Short Term Loans & Advances and Other Assets	20	80.89	54.16	79.36	58.74	62.90	62.58	54.99
		11,171.79	7,745.82	7,190.98	8,496.60	6,784.01	7,922.63	5,159.55
<b>TOTAL</b>		<b>18,644.13</b>	<b>15,342.74</b>	<b>14,658.64</b>	<b>16,018.54</b>	<b>8,772.79</b>	<b>9,918.47</b>	<b>7,139.87</b>

Significant Accounting Policies

4

Annexures to Restated Standalone Accounts

1 to 51

Significant Accounting Policies and Annexures attached thereto form an integral part of Standalone Financial Statements.

This is the Balance Sheet referred to in our report of even date.

As per our attached report of even date.

**Nakshatra World Limited ( Formerly Known as Gitanjali Brands Limited)**  
**Annexure 2: Restated Standalone Statement of Profit & Loss for,**

		(INR - million)						
Annexure		Six month period - ended September - 2016	Six month period - ended September - 2015	Twelve month period ended - 2016	Twelve month period ended - 2015	Twelve month period ended - 2014	Twelve month period ended - 2013	Twelve month period ended - 2012
<b><u>REVENUE</u></b>								
Revenue From Operations	21	8,059.73	5,040.51	14,840.74	13,471.95	14,943.81	22,839.87	19,141.49
Other Income	22	32.85	95.47	91.14	108.52	60.01	70.72	64.05
		8,092.58	5,135.98	14,931.88	13,580.47	15,003.82	22,910.59	19,205.54
<b><u>EXPENDITURE</u></b>								
Purchase of Raw Material & Traded Goods	23	7,651.82	4,049.07	13,731.64	14,088.12	12,289.70	22,299.37	19,469.79
Changes in Inventories	24	171.05	802.32	628.19	(1,156.64)	1,986.78	(403.49)	(958.92)
Employee Benefit Expenses	25	15.95	16.02	34.68	36.11	54.18	71.71	63.08
Finance Cost	26	188.67	207.49	451.48	462.02	404.25	190.84	189.65
Depreciation & Amortization Expenses	13	0.60	0.86	1.70	5.35	3.67	3.91	7.22
Other Expenses	27	41.59	34.89	71.79	120.14	218.58	391.91	86.28
		8,069.68	5,110.65	14,919.48	13,555.10	14,957.16	22,554.25	18,857.10
<b>Profit Before Exceptional Item &amp; Tax</b>		22.90	25.33	12.40	25.37	46.66	356.34	348.44
<b>Less: Exceptional Item</b>	29-a	0.00	0.00	0.00	0.51	0.00	0.00	0.00
<b>Profit Before Tax</b>		22.90	25.33	12.40	24.86	46.66	356.34	348.44
<b>Tax Expense:</b>								
Provision for Current Tax		11.24	5.06	1.80	5.50	15.00	71.30	71.51
Prior period Tax adjustment		-	-	6.58	(1.92)	-	-	-
Provision for MAT (Credit)		(11.24)	0.00	(1.80)	(5.50)	(15.00)	(51.30)	0.00
Provision for Deferred Tax		(0.92)	(0.75)	(0.22)	(1.76)	(0.68)	(2.44)	1.01
		(0.92)	4.31	6.36	(3.68)	(0.68)	17.56	72.52
<b>Profit for the year</b>		<b>23.82</b>	<b>21.02</b>	<b>6.04</b>	<b>28.54</b>	<b>47.34</b>	<b>338.78</b>	<b>275.92</b>
Earning per share before exceptional item								
Basic Earnings per Share of face value of Rs. 5 each (Rs.)		1.36	1.20	0.34	1.65	2.71	20.28	16.52
Diluted Earnings per Share of face value of Rs. 5 each (Rs.)		1.36	1.20	0.34	1.66	2.68	20.07	16.49
Earning per share after exceptional item								
Basic Earnings per Share of face value of Rs. 5 each (Rs.)		1.36	1.20	0.35	1.63	2.71	20.28	16.52



		(INR - million)						
Annexure		Six month period - ended September - 2016	Six month period - ended September - 2015	Twelve month period ended - 2016	Twelve month period ended - 2015	Twelve month period ended - 2014	Twelve month period ended - 2013	Twelve month period ended - 2012
Diluted Earnings per Share of face value of Rs. 5 each (Rs.)		1.36	1.20	0.35	1.63	2.68	20.07	16.49
Significant Accounting Policies		4						

Annexures to Restated Standalone Accounts 2 to 51

Significant Accounting Policies and Annexures attached thereto form an integral part of Standalone Financial Statements.

This is the Statement of Profit and Loss referred to in our report of even date.

As per our report of even date.

**Nakshatra World Limited (Formerly Known as Gitanjali Brands Limited)**

**ANNEXURE 3: Restated Standalone Cash Flow Statement for**

Particulars	(INR - million)						
	Six month period - ended September 2016	Six month period - ended September 2015	Twelve month period ended - 2016	Twelve month period ended - 2015	Twelve month period ended - 2014	Twelve month period ended - 2013	Twelve month period ended - 2012
<b><u>CASH FLOW FROM OPERATING ACTIVITIES :</u></b>							
Net Profit Before Tax	22.90	25.33	12.40	24.86	46.66	356.34	348.44
<b><u>Adjustment for :</u></b>							
Provision for Gratuity for the year	-	-	0.93	1.02	(0.10)	1.94	1.42
Goods Loss by Theft / Loss in Transit	-	-	-	0.02	-	-	-
(Profit) / Loss on sale of Fixed Assets or change in method	-	-	-	4.33	(0.05)	-	-
(Profit) / Loss on sale of Investment	-	-	-	0.51	0.00	-	-
Interest & Finance Cost	188.67	207.49	451.47	462.02	404.25	190.84	189.65
Bad Debts written off / (Written back)	27.27	-	0.34	5.39	2.45	0.00	-
Creditors written back	-	-	(56.04)	-	-	-	(7.55)
Unrealised Exchange (Gain) / Loss	(22.35)	(124.79)	(0.41)	(105.99)	56.47	(12.17)	(12.69)
Depreciation & Amortisation	0.60	0.86	1.70	5.35	3.67	3.91	7.22
	217.09	108.89	410.39	397.51	513.35	540.86	526.49
<b><u>Changes in working capital :</u></b>							
(Increase)/Decrease in Inventories	171.05	802.32	628.19	(1,156.65)	1,986.78	(403.48)	(958.92)
(Increase)/Decrease in Trade Receivables	(4,098.40)	71.11	664.74	(489.81)	(1,481.17)	(1,937.41)	(623.30)
(Increase)/Decrease in Long Term & Short Term Loans & Advances	(18.38)	(67.44)	32.62	22.77	9.90	54.32	(73.82)
Increase/(Decrease) in Trade Payables & Current Liabilities	4,558.21	(931.68)	(1,705.11)	1,204.97	(3,072.85)	408.68	2,702.87
	612.48	(125.69)	(379.56)	(418.72)	(2,557.34)	(1,877.89)	1,046.84
Less : Income Tax Paid	(7.38)	(2.62)	(10.88)	(69.27)	(3.85)	(30.01)	(115.06)
	822.19	(19.42)	19.95	(90.48)	(2,047.84)	(1,367.04)	1,458.27
<b><u>CASH FLOW FROM INVESTING ACTIVITIES :</u></b>							
Sale / (Purchase) of Fixed Assets	(0.22)	(0.54)	(0.43)	(0.60)	0.97	(4.61)	(4.49)
Withdrawal from / (Investment) in Fixed Deposits	3.16	20.77	18.53	98.69	513.10	(92.41)	(68.81)
Disinvestment / (Investment) in Equity Shares	(13.35)	0.00	0.00	1.28	0.00	0.00	(1,820.93)

Particulars	(INR - million)						
	Six month period - ended September 2016	Six month period - ended September 2015	Twelve month period ended - 2016	Twelve month period ended - 2015	Twelve month period ended - 2014	Twelve month period ended - 2013	Twelve month period ended - 2012
	(10.41)	20.23	18.10	99.37	514.07	(97.02)	(1,894.23)
<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>							
Issue of Share Capital	0.00	0.00	0.00	0.00	0.00	3.96	0.00
Share Premium Received	0.00	0.00	0.00	0.00	0.00	1,796.09	0.00
Share Application Money Refund/Received	0.00	0.00	0.00	0.00	(760.00)	760.00	0.00
Money Received / (Refund) of Warrants	(8.00)	(8.00)	(8.00)	(4.00)	0.00	0.00	40.00
Interest and finance income / (cost)	(188.67)	(207.49)	(451.47)	(462.02)	(404.25)	(190.84)	(189.65)
Proceeds / (Repayment) of Unsecured Loans	0.00	0.00	0.00	150.06	0.00	(1,200.21)	800.00
Proceeds / (Repayment) of Secured Bank Borrowings	(564.97)	237.91	406.60	318.57	2,677.85	647.05	(213.09)
	(761.64)	22.42	(52.87)	2.62	1,513.61	1,816.05	437.26
Net increase/(decrease) in cash and cash equivalents	50.14	23.24	(14.82)	11.50	(20.17)	351.99	1.30
Cash and cash equivalents at the beginning of the year	6.76	21.58	21.58	10.08	30.25	37.15	35.85
Cash and cash equivalents at the end of the year	<b>56.90</b>	<b>44.82</b>	<b>6.76</b>	<b>21.58</b>	<b>10.08</b>	<b>389.14</b>	<b>37.15</b>
Short term Deposits	<b>88.88</b>	<b>89.78</b>	<b>92.03</b>	<b>110.55</b>	<b>208.77</b>	<b>363.20</b>	<b>270.82</b>
Cash and bank balance at the end of the year	<b>145.78</b>	<b>134.60</b>	<b>98.79</b>	<b>132.13</b>	<b>218.85</b>	<b>752.34</b>	<b>307.97</b>

- 1) The above CFS has been prepared under Indirect Method as set in the Accounting Standard on Cash Flow Statement (AS - 3).
- 2) The amount in the brackets indicates outflows
- 3) Cash and Cash equivalents for the purpose of Cash Flow Statements comprise of Cash at Bank and in hand and Short Term Investments with an Original Maturity of three months or less and Margin account.
- 4) Previous Year figures are regrouped where ever necessary

**Nakshatra World Limited (Formerly Known as Gitanjali Brands Limited)**  
**ANNEXURE 1: RESTATED CONSOLIDATED BALANCE SHEET AS AT**

		(INR - million)						
	Annexure	September 30, 2016	September 30, 2015	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
<b>I. EQUITY AND LIABILITIES</b>								
<b>Shareholders' Funds</b>								
Share Capital	5	87.46	87.46	87.46	87.46	87.46	87.46	83.50
Reserves and Surplus	6	12,439.96	11,405.22	11,705.50	10,908.41	6,200.04	6,046.98	2,762.03
Money received against Share Warrants		-	-	-	-	40.00	40.00	40.00
		12,527.42	11,492.68	11,792.96	10,995.87	6,327.50	6,174.44	2,885.53
<b>Share Application Money Pending Allotment</b>		-	-	-	-	-	760.00	-
<b>Minority Interest</b>		82.48	77.38	80.18	76.36	71.57	70.98	52.27
<b>Non Current Liabilities</b>								
Other Long Term Liabilities	7	569.22	464.42	808.98	509.82	262.59	1,367.55	1,590.24
Long Term Provisions	8	24.18	27.18	25.26	27.06	15.20	19.57	20.60
		593.40	491.60	834.24	536.88	277.79	1,387.12	1,610.84
<b>Current Liabilities</b>								
Short Term Borrowings	9	15,850.59	16,677.40	15,646.82	16,611.05	15,977.64	7,546.16	3,789.50
Trade Payables	10	43,869.50	27,007.96	30,041.90	19,598.31	7,592.13	14,226.53	9,325.85
Other Current Liabilities	11	769.50	1,884.87	494.04	427.89	398.36	409.61	303.49
Short Term Provisions	12	456.51	317.59	249.87	231.59	365.48	435.03	235.08
		60,946.10	45,887.82	46,432.63	36,868.84	24,333.61	22,617.33	13,653.92
<b>TOTAL</b>		<b>74,149.40</b>	<b>57,949.48</b>	<b>59,140.01</b>	<b>48,477.95</b>	<b>31,010.47</b>	<b>31,009.87</b>	<b>18,202.56</b>
<b>II. ASSETS</b>								
<b>Non Current Assets</b>								
Fixed Assets (Net)	13							
Tangible Assets		90.83	89.72	81.62	97.55	154.55	175.74	176.04
Intangible Assets		4,601.17	4,602.82	4,602.10	4,603.78	11.23	16.40	8.91
Capital W-I-P		-	-	-	-	5.47	5.89	6.36
Goodwill on Consolidation		20.03	20.03	20.03	20.03	65.07	65.07	65.11
Non Current Investments	14	0.07	8.51	0.07	8.51	10.29	10.27	57.78
Deferred Tax Assets (Net)	15	24.59	24.64	26.82	30.33	20.60	21.17	26.97
Long Term Loans & Advances and Other Assets	16	170.18	317.69	162.90	262.18	195.12	203.25	177.51

		(INR - million)						
	Annexure	September 30, 2016	September 30, 2015	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
		4,906.87	5,063.41	4,893.54	5,022.38	462.33	497.79	518.68
<b>Current Assets</b>								
Inventories	17	23,177.72	19,289.95	21,547.44	11,975.42	7,496.65	8,201.28	5,435.57
Trade Receivables	18	44,342.93	31,525.15	31,263.45	29,998.02	21,123.44	19,200.49	10,030.68
Cash and Bank Balance	19	934.98	969.05	835.20	1,044.00	1,502.62	2,599.01	1,172.04
Short Term Loans & Advances and Other Assets	20	786.90	1,101.92	600.38	438.13	425.43	511.30	1,045.59
		69,242.53	52,886.07	54,246.47	43,455.57	30,548.14	30,512.08	17,683.88
<b>TOTAL</b>		<b>74,149.40</b>	<b>57,949.48</b>	<b>59,140.01</b>	<b>48,477.95</b>	<b>31,010.47</b>	<b>31,009.87</b>	<b>18,202.56</b>

Significant Accounting Policies  
Annexures to Restated Consolidated  
Financial Statement

4  
5 to 51

Significant Accounting Policies and Annexures attached thereto form an integral part of Restated Consolidated Financial Statements.

This is the Balance Sheet referred to in our report of even date.

**Nakshatra World Limited (Formerly Known as Gitanjali Brands Limited)**  
**ANNEXURE 2: RESTATED CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR,**

(INR - million)

	Annexure	Half year ended September - 16	Half year ended September - 15	Twelve month period ended - 2016	Twelve month period ended - 2015	Twelve month period ended - 2014	Twelve month period ended - 2013	Twelve month period ended - 2012
<b><u>REVENUE</u></b>								
Revenue From Operations	21	40,000.69	24,450.27	59,843.08	45,483.40	36,365.99	53,077.35	29,384.46
Other Income	22	615.40	245.72	1,515.29	768.69	98.65	272.19	217.79
		<u>40,616.09</u>	<u>24,695.99</u>	<u>61,358.37</u>	<u>46,252.09</u>	<u>36,464.64</u>	<u>53,349.54</u>	<u>29,602.25</u>
<b><u>EXPENDITURE</u></b>								
Purchase of Raw Material & Traded Goods	23	40,022.80	30,047.41	66,934.03	46,190.10	31,695.35	50,944.31	27,622.44
Changes in Inventories	24	(1,630.28)	(7,314.56)	(9,572.10)	(4,478.81)	704.25	(2,765.79)	(292.54)
Employee Benefit Expenses	25	133.37	146.37	283.26	341.50	478.73	507.18	263.74
Finance Cost	26	827.65	1,025.43	1,988.44	2,180.18	1,992.01	1,230.83	489.02
Depreciation & Amortization Expenses	13	10.07	11.61	25.13	51.85	38.55	33.59	21.26
Other Expenses	27	509.83	270.90	824.60	1,811.20	1,403.75	1,690.00	797.35
		<u>39,873.44</u>	<u>24,187.16</u>	<u>60,483.37</u>	<u>46,096.02</u>	<u>36,312.64</u>	<u>51,640.12</u>	<u>28,901.27</u>
<b>Profit Before Exceptional Item &amp; Tax</b>		742.65	508.83	875.00	156.07	152.00	1,709.42	700.98
<b>Less: Exceptional Item</b>	28	-	-	7.59	0.51	-	-	3.88
		<u>742.65</u>	<u>508.83</u>	<u>867.41</u>	<u>155.56</u>	<u>152.00</u>	<u>1,709.42</u>	<u>697.10</u>
<b>Profit Before Tax</b>		742.65	508.83	867.41	155.56	152.00	1,709.42	697.10
Provision for Current Tax		167.44	104.61	183.54	35.40	35.84	368.06	113.60
Prior period Tax adjustment		-	-	63.27	3.06	(2.22)	-	-
Provision for MAT (Credit)		(163.78)	(98.97)	(183.16)	(35.40)	(35.84)	(187.73)	(34.57)
Provision for Deferred Tax		2.23	5.69	3.51	(9.72)	0.57	5.75	53.12
		<u>5.89</u>	<u>11.33</u>	<u>67.16</u>	<u>(6.66)</u>	<u>(1.65)</u>	<u>186.08</u>	<u>132.15</u>
<b>Profit after Tax before adjustment for Consolidation</b>		736.76	497.50	800.25	162.22	153.65	1,523.34	564.95
Less: Minority Interest		2.30	1.02	3.82	4.79	0.59	19.94	30.70
<b>Profit after Tax after adjustment for consolidation</b>		734.46	496.48	796.43	157.43	153.06	1,503.40	534.25
<b>Balance Carried to Balance Sheet</b>		<u><b>734.46</b></u>	<u><b>496.48</b></u>	<u><b>796.43</b></u>	<u><b>157.43</b></u>	<u><b>153.06</b></u>	<u><b>1,503.40</b></u>	<u><b>534.25</b></u>



(INR - million)

	Annexure	Half year ended September - 16	Half year ended September - 15	Twelve month period ended - 2016	Twelve month period ended - 2015	Twelve month period ended - 2014	Twelve month period ended -2013	Twelve month period ended -2012
<b>Earning per share before exceptional item</b>								
Basic Earnings per Share of face value of Rs. 5 each		41.99	28.39	45.83	9.03	8.75	90.00	32.15
Diluted Earnings per Share of face value of Rs. 5 each		41.99	28.39	45.83	9.03	8.66	89.06	32.05
<b>Earning per share after exceptional item</b>								
Basic Earnings per Share of face value of Rs. 5 each		41.99	28.39	45.53	9.00	8.75	90.00	31.99
Diluted Earnings per Share of face value of Rs. 5 each		41.99	28.39	45.53	9.00	8.66	89.06	31.90

(Refer Annexure 39)

Significant Accounting Policies 4

Annexures to Restated Consolidated Financial

Statement 5 to 52

Significant Accounting Policies and Annexures attached thereto form an integral part of Restated Consolidated Financial Statements.

This is the Statement of Profit and Loss referred to in our report of even date.

### ANNEXURE 3: RESTATED CONSOLIDATED CASH FLOW STATEMENT FOR,

(INR - million)

	Half year ended September - 16	Half year ended September - 15	Twelve month period ended - 2016	Twelve month period ended - 2015	Twelve month period ended - 2014	Twelve month period ended - 2013	Twelve month period ended -2012
<b>A: CASH FLOW FROM OPERATING ACTIVITIES:</b>							
<b>Net Profit before tax as per Profit &amp; Loss Account</b>	742.65	508.83	867.41	155.56	152.00	1,709.42	697.10
Adjusted for:							
Depreciation	10.07	11.61	25.13	51.85	38.55	33.59	21.26
Provision for Gratuity & Leave Encashment – Net	(0.09)	(0.07)	1.10	2.31	(6.04)	8.14	1.42
Loss on sale of Investment	-	-	7.59	0.51	-	-	3.88
(Profit) / Loss on sale of Fixed Assets and CWIP w/off	0.53	-	(0.34)	18.62	(0.06)	17.26	-
Sundry creditors w/back	-	-	(72.43)	(95.33)	(6.95)	-	(8.39)
Interest and Finance Charges – net	827.65	1,025.43	2,085.19	2,169.88	1,992.01	1,227.46	489.02
Provision for Bad Debts & W/off	28.44	0.13	7.30	757.62	73.12	0.12	-
Goods loss by theft / loss in transit	-	-	-	0.02	-	-	-
Effect of Exchange Rate Change unrealized	(296.10)	228.73	(449.92)	(598.19)	(71.08)	(48.09)	(19.05)
	570.50	1,265.83	1,603.62	2,307.29	2,019.55	1,238.48	488.14
<b>Operating Profit before Working Capital Changes</b>	1313.15	1,774.66	2,471.03	2,462.85	2,171.55	2,947.90	1,185.24
Adjusted for:							
Trade and Other Receivables	(15,863.42)	(2,196.23)	(917.83)	(8,697.35)	(1,848.52)	(9,134.77)	(2,766.45)
Inventories	584.00	(8,766.65)	(9,572.03)	(4,478.78)	704.64	(2,765.72)	(427.05)
Trade Payables & Other Liabilities	14,884.77	9,942.00	10,732.45	11,811.59	(6,605.60)	5,027.28	3,371.64
<b>Cash Generated from Operations</b>	(394.65)	(1,020.88)	242.59	(1,364.54)	(7,749.48)	(6,873.21)	178.14
Sub total	918.50	753.78	2,713.62	1,098.31	(5,577.93)	(3,925.31)	1,363.38
Taxes Paid	(36.53)	33.12	(171.98)	(210.71)	(43.90)	(152.88)	(152.59)
<b>Net Cash generated from Operations Total ( A )</b>	881.97	786.90	2,541.64	887.60	(5,621.83)	(4,078.19)	1,210.79
<b>B: CASH FLOW FROM INVESTING ACTIVITIES:</b>							
Sale / (Purchase) of Fixed Assets	(18.87)	(2.46)	(6.54)	(4.45)	(11.69)	(62.98)	(45.78)
Disinvestments / (Investments) in subsidiaries.	(13.35)	-	0.84	1.79	(0.02)	-	(1,817.05)
Withdrawal from / (Investment) in Fixed Deposits	(23.93)	114.03	179.04	378.26	582.18	(261.66)	(877.92)
<b>Net Cash Used in Investing Activities Total ( B )</b>	(56.15)	111.57	173.34	375.60	570.47	(324.64)	(2,740.75)

(INR - million)

	Half year ended September - 16	Half year ended September - 15	Twelve month period ended - 2016	Twelve month period ended - 2015	Twelve month period ended - 2014	Twelve month period ended - 2013	Twelve month period ended -2012
<b>C: CASH FLOW FROM FINANCING ACTIVITIES:</b>							
Proceeds from Issue of Share Capital (incl Share premium)	-	-	-	-	-	3,529.34	-
Payment - Share Application Money	-	-	-	-	(760.00)	-	-
Repayment of preference share liability	-	-	-	-	-	(16.67)	-
Proceeds from / (Repayment) of - Share Warrants	(8.00)	(8.00)	(8.00)	(4.00)	-	-	40.00
Proceeds from / (Repayment) of - term loans & working capital loans & liabilities	52.58	134.32	(658.36)	878.41	7,290.70	2,628.92	983.40
Interest and Finance income / (cost)	(827.65)	(1,025.43)	(2,085.19)	(2,169.88)	(1,992.00)	(1,227.46)	(489.03)
	-	-	-	-	-	-	-
<b>Net Cash from Financing Activates Total ( C )</b>	<b>(783.07)</b>	<b>(899.11)</b>	<b>(2,751.55)</b>	<b>(1,295.47)</b>	<b>4,538.70</b>	<b>4,914.13</b>	<b>534.37</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents Total (A+B+C)</b>	<b>42.75</b>	<b>(0.64)</b>	<b>(36.57)</b>	<b>(32.27)</b>	<b>(512.66)</b>	<b>511.30</b>	<b>(995.59)</b>
Cash & Cash equivalents at the beginning of the year	21.72	58.29	58.29	90.56	603.22	92.12	1,087.71
Exclusion of Subsidiary	-	-	-	-	-	(0.20)	-
Cash and cash equivalents at the end of the year	64.47	57.65	21.72	58.29	90.56	603.22	92.12
Short term bank deposits	870.51	911.40	813.48	985.71	1,412.06	1995.79	1,079.92
<b>Closing Balance of Cash &amp; Bank balance</b>	<b>934.98</b>	<b>969.05</b>	<b>835.20</b>	<b>1,044.00</b>	<b>1,502.62</b>	<b>2,599.01</b>	<b>1,172.04</b>

**Note:**

- 1) Cash flow statement has been prepared under the Indirect Method as set out in the Accounting Standard - 3 of The Companies (Accounting Standards) Rules, 2006
  - 2) Figures in bracket indicates outflows.
  - 3) Previous year's figures have been restated and regrouped wherever necessary.
  - 4) Cash & Cash Equivalents for the purpose of cash flow statement comprise of Cash at Bank, in hand and Term investments and margin money account.
- As per our report even dated.

## THE ISSUE

The following table summarizes the Issue details:

Issue <sup>(1)</sup>	Up to 18,000,000 Equity Shares
Of which:	
<b>A. QIB Portion<sup>(3)</sup></b>	At least [●] Equity Shares
Of which:	
Anchor Investor Portion <sup>(4)</sup>	Up to [●] Equity Shares
Balance available for allocation to QIBs other than Anchor Investors (assuming Anchor Investor Portion is fully subscribed)	[●] Equity Shares
Of which:	
Available for allocation to Mutual Funds only	[●] Equity Shares
Balance for all QIBs including Mutual Funds	[●] Equity Shares
<b>B. Non-Institutional Portion<sup>(4)</sup></b>	Not more than [●] Equity Shares
<b>C. Retail Portion<sup>(4) (5)</sup></b>	Not more than [●] Equity Shares
<b>Pre and post-Issue Equity Shares<sup>(2)</sup></b>	
Equity Shares outstanding prior to the Issue	43,727,635 Equity Shares
Equity Shares outstanding after the Issue	[●] Equity Shares
<b>Use of proceeds of this Issue</b>	For details, see “ <i>Objects of the Issue</i> ” on page 89 for information about the use of proceeds from the Issue.

<sup>(1)</sup> The Issue has been authorized by our Board pursuant to a resolution dated October 24, 2016, and by our Equity Shareholders pursuant to a resolution passed at the EGM held on December 21, 2016.

<sup>(2)</sup> Assuming full subscription to the Issue.

<sup>(3)</sup> Our Company, in consultation with the BRLMs may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being made to Anchor Investors. In case of under subscription in the Anchor Investor Portion, the remaining Equity Shares will be added back to the QIB Portion.

<sup>(4)</sup> Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in any category except the QIB 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, on a proportionate basis, subject to applicable laws. However, under-subscription, if any, in the Net QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories.

<sup>(5)</sup> Retail discount of ₹ [●] to the Issue Price may be offered to the Retail Individual Investors and the Eligible Employees in the Retail Portion and the Employee Reservation Portion, respectively.

For details of the terms of the Issue, see “*Terms of the Issue*” on page 367. For details of the Issue procedure, including in relation to grounds for rejection of Bids, see “*Issue Procedure*” on page 370.

## GENERAL INFORMATION

Our Company was incorporated on December 18, 1995, in Mumbai, Maharashtra, under the Companies Act 1956, as a private limited company under the name ‘Gitanjali Plantations Private Limited’ with the RoC. The name of our Company was changed to its present name, ‘Nakshatra World Limited’, pursuant to a fresh certificate of incorporation issued on November 11, 2016 by the RoC. See “*History and Certain Corporate Matters*” on page 136.

**Corporate Identity Number:** U01100MH1995PLC095425

**Company Registration Number:** 095425

### Registered Office

A-1, 7<sup>th</sup> Floor, Laxmi Tower  
 Bandra Kurla Complex, Bandra (East)  
 Mumbai 400 051, Maharashtra  
 India  
**Tel:** (+91 22) 4035 4600  
**Fax:** (+91 22) 4010 2005  
**Website:** www.nakshatra.world

### Address of the Registrar of Companies

Our Company is registered with the RoC, Maharashtra at Mumbai, located at the following address:

**Registrar of Companies**  
 100, Everest, Marine Drive  
 Mumbai 400 002  
 India

### Board of Directors

The following table sets out the details regarding our Board as on the date of filing of this Draft Red Herring Prospectus:

Name	Designation	DIN	Address
Mr. Mehul Choksi	Chairman and Managing Director	00060099	Gokul Apartments, 99/9 <sup>th</sup> & 10 <sup>th</sup> floor, Near White House, Walkeshwar Mumbai 400 006, Maharashtra, India
Mr. Milind Limaye	Non-Executive Director	06807577	A-1/302, Kalpita Enclave, Sahar Road, Andheri (East) Mumbai 400 069, Maharashtra, India
Ms. Nazura Ajaney	Independent Director	06947881	12-H6, Mars Society, Kalyani Nagar, Pune City Pune 411 006, Maharashtra, India
Mr. Anil Haldipur	Independent Director	07653590	Flat No. 4-S, Sankul Condominium E'wane, Near Dinanath Hospital, Pune 411 004, Maharashtra, India

For brief profiles and further details of our Directors, see “*Our Management*” on page 147.

### Chief Financial Officer

Mr. Kapil Khandelwal is the Chief Financial Officer (“**CFO**”) of our Company. His contact details are as follows:

**Mr. Kapil Khandelwal**

A-1, 7<sup>th</sup> Floor, Laxmi Tower  
Bandra Kurla Complex, Bandra (East)  
Mumbai 400 051, Maharashtra  
India

**Tel:** (+91 22) 4010 2121

**Fax:** (+91 22) 4010 2005

**E-mail:** cfo@nakshatra.world

**Company Secretary and Compliance Officer**

Mr. Saurabh Deshpande is the Company Secretary and Compliance Officer of our Company. His contact details are as follows:

**Mr. Saurabh Deshpande**

A-1, 7<sup>th</sup> Floor, Laxmi Tower  
Bandra Kurla Complex, Bandra (East)  
Mumbai 400 051, Maharashtra  
India

**Tel:** (+91 22) 4010 2012

**Fax:** (+91 22) 4216 2366

**E-mail:** investors@nakshatra.world

**Bidders may contact the Company Secretary and Compliance Officer, the BRLMs or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems, such as non-receipt of Allotment Advice, non-credit of Allotted Equity Shares in the respective beneficiary account, or unblocking of funds or issues of refund (in case of Anchor Investors).**

**Book Running Lead Managers****IDBI Capital Markets & Securities Limited**

*(formerly, known as IDBI Capital Market Services Limited)*

3rd Floor, Mafatlal Centre  
Nariman Point  
Mumbai 400 021

Maharashtra, India

**Tel:** (+91 22) 4322 1212

**Fax:** (+91 22) 2285 0785

**E-mail:** nwl.ipo@idbicapital.com

**Investor Grievance E-mail:**

redressal@idbicapital.com

**Website:** www.idbicapital.com

**Contact Person:** Ms. Astha Daga

**SEBI Registration No.:** INM000010866

**Elara Capital (India) Private Limited**

Indiabulls Finance Centre

Tower 3, 21st Floor

Senapati Bapat Marg

Elphinstone Road (West)

Mumbai 400 013

Maharashtra, India

**Tel:** (+91 22) 6164 8599

**Fax:** (+91 22) 6164 8589

**E-mail:** nakshatra.ipo@elaracapital.com

**Investor Grievance E-mail:**

mb.investorgrievances@elaracapital.com

**Website:** www.elaracapital.com

**Contact Person:** Mr. Kunal Safari

**SEBI Registration No.:** INM000011104

**Syndicate Members**

[•]

**Indian Legal Counsel to our Issue****Shardul Amarchand Mangaldas & Co.**

24<sup>th</sup> Floor, Express Towers

Nariman Point

Mumbai 400 021

Maharashtra, India

**Tel:** (+91 22) 4933 5555

**Fax:** (+91 22) 4933 5550



**Statutory Auditors of our Company****Ford, Rhodes, Parks & Co. LLP \***

Sai Commercial Building

312/313, 3rd Floor

BKS Devshi Marg

Govandi (East)

Mumbai 400 088

**Tel:** (+91 22) 2580 2107

**Fax:** (+91 22) 2580 2106

**E-mail:** frptax@vsnl.com

**Firm Registration No.:** 102860W/W100 089

*\* The peer review certificate of the Auditors dated March 12, 2014 is valid for a period of three years. Ford Rhodes Park & Co. LLP is subject to an ongoing peer review process by the peer review board of the ICAI. The Auditors have confirmed that the process of renewal of peer review certificate has been initiated and the renewal is under process.*

**Registrar to the Issue****Karvy Computershare Private Limited**

Karvy Selenium Tower B

Plot 31-32, Gachibowli

Financial District, Nanakramguda

Hyderabad 500 032

India

**Tel:** (+91 40) 6716 2222

**Fax:** (+91 40) 2343 1551

**E-mail:** einward.ris@karvy.com

**Website:** www.karisma.karvy.com

**Investor Grievance E-mail:** nakshatra.ipo@karvy.com

**Contact Person:** Mr. M Murali Krishna

**SEBI Reg. No.:** INR000000221

Investors may contact the BRLMs who have submitted a due diligence certificate to SEBI for any complaint pertaining to the Issue. All grievances may be addressed to the Registrar to the Issue, with a copy to the relevant Designated Intermediary, where the Bid cum Application Form was submitted, quoting the full name of the sole or first Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, address of the Bidder, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the relevant Designated Intermediary where the Bid was submitted and ASBA Account number in which the amount equivalent to the Bid Amount was blocked. Further, the Bidder shall enclose the Acknowledgement Slip or provide the acknowledgement number received from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

**Banker to our Company**

ICICI Bank

ICICI Bank, BKC Branch, Mumbai

**Tel:** (+91 22) 2653 6410

**Fax:** (+91 22) 2653 1122

**E-mail:** kiran.chonkar@icicibank.com

**Website:** www.icicibank.com

**Contact Person:** Kiran Chonkar

**Banker to the Issue/ Escrow Bank(s)**

[•]

## **Designated Intermediaries**

### **Self-Certified Syndicate Banks**

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided at the website of SEBI (<http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>) and updated from time to time. For details on Designated Branches of SCSBs collecting the Bid cum Application Forms, refer to the website of SEBI (<http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>).

### **Syndicate SCSB Branches**

In relation to Bids (other than Bids by Anchor Investor) submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of SEBI (<http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>) and updated from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of SEBI (<http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>).

### **Broker Centres/ Designated CDP Locations/ Designated RTA Locations**

In accordance with SEBI Circular No. CIR/CFD/14/2012 dated October 4, 2012 and CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, Bidders (other than Anchor Investors) can submit Bid cum Application Forms with the Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the Collecting RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the websites of the Stock Exchanges at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com). The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Bid cum Application Forms from the Registered Brokers will be available on the website of SEBI ([www.sebi.gov.in](http://www.sebi.gov.in)) and updated from time to time.

### **Credit Rating**

As this is an offering of Equity Shares, credit rating is not required.

### **Trustees**

As this is an offering of Equity Shares, the appointment of trustees is not required.

### **IPO Grading**

No credit rating agency has been appointed in respect of obtaining grading for the Issue.

### **Monitoring Agency**

As the size of the Issue is less than ₹ 5,000 million, the appointment of a monitoring agency is not required. Accordingly, no monitoring agency has been appointed in respect of the Issue.

### **Appraisal Agency**

No appraising agency has been appointed in respect of any project of our Company.

### **Experts**

Our Company has received written consent from the Auditor, Ford, Rhodes, Parks & Co. LLP, to include its name as an 'expert' as defined under section 2(38) of the Companies Act 2013, as required under Section 26 of the Companies Act 2013 in this Draft Red Herring Prospectus in respect of its reports on the Restated Consolidated Financial Statements and the Restated Standalone Financial Statements, each dated December 15, 2016, and the statement of possible special tax benefits dated March 6, 2017 included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Our Company has obtained a report titled “*Report on Indian Gems & Jewellery Industry*”, dated December 13, 2016, prepared by CARE and has also received its consent dated December 13, 2016. Such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Further, JNS & Associates LLP, who have evaluated our key performance indicators has given its consent to be named as an ‘expert’ as defined under section 2(38) of the Companies Act 2013, as required under Section 26 of the Companies Act 2013 in this Draft Red Herring Prospectus. Such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

### **Inter se Statement of Responsibilities for the Issue**

The following table sets forth the *inter se* responsibilities of the BRLMs in relation to this Issue.

S. No.	Activity	Responsibility	Coordination
1.	Capital structuring with relative components and formalities such as type of instruments, etc.	IDBI Capital, Elara Capital	IDBI Capital
2.	Due diligence of Company’s operations/ management/ business plans/ legal etc. Drafting and design of Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of Prospectus and RoC filings of the same. Drafting and approval of all statutory advertisements.	IDBI Capital, Elara Capital	IDBI Capital
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in (2) above including corporate advertisement, brochure etc.	IDBI Capital, Elara Capital	IDBI Capital
4.	Appointment of intermediaries viz., Registrar(s), printers, Escrow Bank, Refund Bank, Advertising Agency, etc.	IDBI Capital, Elara Capital	IDBI Capital
5.	Preparation of roadshow presentation and FAQs	IDBI Capital, Elara Capital	Elara Capital
6.	International and domestic institutions / banks / mutual funds marketing strategy Finalizing the list and division of investors for one to one meetings; Finalizing the international and domestic road show schedule and the investor meeting schedules	IDBI Capital, Elara Capital	Elara Capital
7.	Non-institutional and retail marketing of the Issue, which will cover, among other things: Formulating marketing strategies, preparation of publicity budget; Finalizing media and public relations strategy; Finalizing center for holding conferences for press and brokers, etc.; Follow-up on distribution of publicity and Issue material including forms, the Prospectus and deciding on the quantum of Issue material; and Finalizing collection centres	IDBI Capital, Elara Capital	IDBI Capital
8.	Finalization of pricing in consultation with Company and managing the book and coordination with Stock Exchanges for book building software, Bidding terminals and mock trading	IDBI Capital, Elara Capital	IDBI Capital
9.	Post Issue activities shall involve follow up steps including management of escrow accounts, co-ordinate non-institutional and institutional allocation, intimation of allocation and dispatch of refunds etc. The post Issue activities for the Issue will involve essential follow up steps, which include the finalization of basis of Allotment, dispatch of refunds, demat and delivery of shares, finalization of listing and trading of instruments with the various agencies connected with the work such as the Registrar(s) to the Issue, Bankers to the Issue and Self Certified Syndicate Banks and regular monitoring of investor grievances for redressal. The BRLMs shall be responsible for ensuring that these agencies fulfil their functions and discharge this responsibility through suitable agreements with the Company. Co-ordination with SEBI and Stock	IDBI Capital, Elara Capital	IDBI Capital

S. No.	Activity	Responsibility	Coordination
	Exchanges for refund of 1% security deposit and submission of post Offer report to SEBI.		

### Book Building Process

The Book Building Process, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus and the Bid cum Application Forms. The Price Band and the minimum Bid lot size for the Issue will be decided by our Company, in consultation with the BRLMs, and advertised in the [●] edition of [●] (a widely circulated English national daily newspaper), the [●] edition of [●] (a widely circulated Hindi national daily newspaper) and the [●] edition of [●] (a widely circulated Marathi daily newspaper, Marathi being the regional language of the place where our Registered Office is located), at least five Working Days prior to the Bid/Issue Opening Date, and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Issue Price shall be determined by our Company, in consultation with the BRLMs, in accordance with the Book Building Process, after the Bid/Issue Closing Date.

In terms of Rule 19(2)(b)(i) of the SCRR, the Issue is being made for at least 25% of the post-Issue paid-up Equity Share capital of our Company. The Issue is being made through the Book Building Process, in compliance with Regulation 26(1) of the SEBI ICDR Regulations wherein 50% of the Issue will be allocated on a proportionate basis to QIBs, provided that our Company, in consultation with the BRLMs, may allocate up to 60% of the QIB Category to Anchor Investors, on a discretionary basis, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price. Further, 5% of the QIB Category (excluding the Anchor Investor 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 QIBs and including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Issue will be available for allocation to Retail Individual Investors, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price. All investors (except Anchor Investors) shall participate in this Issue only mandatorily through the ASBA process by providing details of their respective bank accounts which will be blocked by SCSBs. For details in this regard, specific attention is invited to “*Issue Procedure*” on page 370.

**All Bidders (except Anchor Investors) shall participate in the Issue mandatorily only through the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid Amount will be blocked by the SCSBs.**

**In terms of SEBI ICDR Regulations, QIBs (other than Anchor Investors) and Non-Institutional Investors (“NIIs”) are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Investors (“RIIs”) can revise their Bid(s) during the Bid/ Issue Period and withdraw their Bid(s) until closure of the Bid/Issue Closing Date. Anchor Investors are not allowed to withdraw their Bids after the Anchor Investor Bidding Date. Except Allocation to RIIs and the Anchor Investors, Allocation in the Issue will be on a proportionate basis. See “*Issue Structure*” on page 363.**

For further details on the method and procedure for Bidding, see “*Issue Procedure*” on page 370.

**The Book Building Process is in accordance with guidelines, rules, regulations prescribed by SEBI. Bidders are advised to make their own judgment about an investment through this process prior to submitting a Bid.**

### Illustration of Book Building and Price Discovery Process

For an illustration of the Book Building Process and the price discovery process, see “*Issue Procedure – Part B – Basis of Allocation – Illustration of Book Building Process and Price Discovery Process*” on page 406.

### Underwriting Agreement

After the determination of the Issue Price and allocation of the Equity Shares but prior to the filing of the Prospectus with the RoC, our Company will enter into an Underwriting Agreement with the Underwriters for the

Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs will be responsible for bringing in the amount devolved, in the event any of its or their Syndicate Members do not fulfil their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to certain conditions to closing, as specified therein.

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

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

(₹ in million)

Name, address, telephone, fax and e-mail of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

The abovementioned amounts are provided for indicative purposes only and would be finalized after the pricing and actual allocation and subject to the provisions of Regulation 13(2) of the SEBI ICDR Regulations.

In the opinion of our Board (based on representations made to our Company by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s).

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments set forth in the table above. 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 Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscriptions for/subscribe to Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement.

## CAPITAL STRUCTURE

The share capital of our Company, as on the date of this Draft Red Herring Prospectus, is set forth below:

(In ₹ except share data)

		Aggregate nominal value	Aggregate value at Issue Price
<b>A) AUTHORIZED SHARE CAPITAL</b>			
	80,000,000 Equity Shares	800,000,000	-
<b>B) ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE</b>			
	43,727,635 Equity Shares	437,276,350	-
<b>C) PRESENT ISSUE IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS</b>			
	Issue of up to 18,000,000 Equity Shares <sup>(a)</sup>	[●]	[●]
<b>D) ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE<sup>(b)</sup></b>			
	[●] Equity Shares	[●]	[●]
<b>E) SECURITIES PREMIUM ACCOUNT</b>			
	Before the Issue		1,664,017,028
	After the Issue <sup>(b)</sup>		[●]

<sup>(a)</sup> The Issue has been authorized by our Board pursuant to a resolution passed at its meeting held on October 24, 2016 and by our Equity Shareholders pursuant to a resolution passed at the EGM held on December 21, 2016.

<sup>(b)</sup> Assuming full subscription to the Issue.

### Changes in our Authorized Share Capital

See “*History and Certain Corporate Matters*” on page 136 for details of the changes in the authorized share capital of our Company.

### Notes to Capital Structure

#### 1. Share Capital History

##### a) History of Equity Share Capital of our Company

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

Date of allotment	Number of Equity Shares	Face value (₹)	Issue price (₹)	Nature of consideration	Reason/Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)
December 18, 1995	20	10	10	Cash	Subscribers of the Memorandum of Association <sup>(1)</sup>	20	200
April 18, 2002	9,980	10	10	Cash	Further issue <sup>(2)</sup>	10,000	100,000
October 5, 2005	1,040,000	10	10	Cash	Further issue <sup>(3)</sup>	1,050,000	10,500,000
March 28, 2007	3,950,000	10	10	Cash	Further issue <sup>(4)</sup>	5,000,000	50,000,000
March 31, 2009	3,350,000	10	75 (premium of ₹ 65.00)	Cash	Further issue <sup>(5)</sup>	8,350,000	83,500,000
December 16, 2010	N.A	N.A	N.A	N.A	Sub-division of face value from ₹ 10 each to ₹ 5 each <sup>(6)</sup>	16,700,000	83,500,000
January 24, 2012	1	5	2,275.50 (premium)	Cash	Preferential allotment pursuant to the share cum warrant	16,700,001	83,500,005



			of ₹ 2,270.50)		subscription dated December 23, 2011 with Bennett, Coleman and Company Limited ("BCCL") <sup>(7)</sup>		
March 30, 2013	791,053	5	2,275.50 (premium of ₹ 2,270.50)	Cash	Right issue <sup>(8)</sup>	17,491,054	87,455,270
December 8, 2016	-	-	-	-	Consolidation of face value from ₹ 5 each to ₹ 10 each <sup>(9)</sup>	8,745,527	87,455,270
December 22, 2016	34,982,1 08	10	N.A.	Other than cash	Bonus issue <sup>(10)</sup>	43,727,635	437,276,350

<sup>(1)</sup> Ten equity shares of face value ₹ 10 each were allotted to each of Mr. Ashok Sinkar and Mr. Pravin Mehta as a result of subscription to the MoA.

<sup>(2)</sup> 4,990 equity shares of face value ₹ 10 each were allotted to each of Mr. Mehul Choksi and Ms. Priti Choksi.

<sup>(3)</sup> 1,040,000 equity shares of face value ₹ 10 each were allotted to GGL.

<sup>(4)</sup> 3,950,000 equity shares of face value ₹ 10 each were allotted to GGL.

<sup>(5)</sup> 3,350,000 equity shares of face value ₹ 10 each and a premium of ₹ 65 were allotted to GGL.

<sup>(6)</sup> Pursuant to the resolution passed at the EGM dated December 16, 2010, each equity share of our Company of face value ₹10 was sub-divided into two equity shares of face value ₹ 5 each and consequently authorised share capital of our Company would comprise of 18,000,000 equity shares of ₹ 5 each and the paid-up share capital would comprise of 16,700,000 equity shares of ₹ 5 each.

<sup>(7)</sup> Pursuant to the resolution passed by the Board meeting dated January 24, 2012 and the terms of the share cum warrant subscription dated December 23, 2011, one share for an aggregate consideration of ₹ 2,275.50 of face value ₹ 5 each and a premium of ₹ 2,270.50 was allotted on a preferential basis to BCCL.

<sup>(8)</sup> 791,053 equity shares of face value ₹ 5 each and a premium of ₹ 2,270.50 each were allotted to GGL.

<sup>(9)</sup> Pursuant to the resolution passed at the EGM dated December 8, 2016, the face value of the equity shares was consolidated from ₹ 5 each to ₹10 each.

<sup>(10)</sup> Pursuant to the resolution passed at the EGM dated December 21, 2016, bonus issue were allotted in the ratio of 4:1, by way of capitalization of the securities premium account.

b) Our authorised share capital was re-classified into 17,666,000 equity shares of ₹ 5 each and 9% 334,000 non-cumulative redeemable preference shares of ₹ 5 each, pursuant to a resolution passed by our equity shareholders at the EGM held on November 5, 2012. Subsequently, our authorised share capital was further re-classified into 18,000,000 equity shares of ₹ 5 each, pursuant to a resolution passed by our shareholders at the EGM held on October 24, 2016. As on the date of this Draft Red Herring Prospectus, our Company does not have any authorized, issued, subscribed or outstanding preference shares or convertible instruments.

#### Equity Shares Issued for Consideration other than Cash

Date of allotment	Number of Equity Shares	Name of allottee	Face value (₹)	Issue price (₹)	Premium (₹)	Reason for the issue/ Benefits accrued to our Company pursuant to the issue
December 22, 2016	34,982,108	GGL including nominees	10	N.A	N.A	Bonus issue

Other than as disclosed above, our Company has not issued any Equity Shares for consideration other than cash. Further, our Company has not issued any bonus shares out of capitalization of its revaluation reserves or unrealized profits.

## 2. History of Build-up, Contribution and Lock-in of Promoters' Shareholding

### a) Build-up of Promoters' Shareholding in our Company

Set forth below is the build-up of the equity shareholding of our Promoters since incorporation of our Company:

Date of allotment/transfer	Number of Equity Shares	Face Value per equity share(₹)	Issue/ Transfer price per Equity Share (₹)	Nature of Consideration	Nature of Acquisition /Allotment/ Transfer	Percentage of Pre-Issue Equity Share Capital (%)	Percentage of Post-Issue Equity Share Capital (%)*
<b>GGL</b>							
October 5, 2005	1,040,000	10	10	Cash	Allotment	2.38	[●]
March 28, 2007	3,950,000	10	10	Cash	Allotment	9.03	[●]
June 10, 2008	4,990 <sup>(1)</sup>	10	10	Cash	Acquisition	0.01	[●]
June 10, 2008	4,990 <sup>(2)</sup>	10	10	Cash	Acquisition	0.01	[●]
June 10, 2008	20 <sup>(3)</sup>	10	10	Cash	Acquisition	0.00	[●]
March 31, 2009	3,350,000	10	75	Cash	Allotment	7.66	[●]
On December 16, 2010, the face value of our Equity Shares was sub-divided from ₹ 10 each to ₹ 5 each and consequently, 8,350,000 Equity Shares of ₹ 10 each held by GGL became 16,700,000 equity shares of ₹ 5 each.							
March 30, 2013	791,053	5	2,275.50	Cash	Allotment	0.90 <sup>#</sup>	[●]
November 26, 2016	1 <sup>(4)</sup>	5	2,275.50	Cash	Acquisition	0.00 <sup>#</sup>	[●]
On December 8, 2016, the face value of equity shares of our Company was consolidated from ₹ 5 each to ₹ 10 each and consequently 17,491,054 equity shares of ₹ 5 each held by GGL became 8,745,527 equity shares of ₹ 10 each.							
December 22, 2016	34,982,108	10	-	Other than cash	Bonus issuance	80.00	[●]
<b>TOTAL</b>	<b>43,727,635**</b>					<b>100.00</b>	[●]
<b>Mr. Mehul Choksi</b>							
April 18, 2002	4,990 <sup>(5)</sup>	10	10	Cash	Allotment	0.01	[●]
June 10, 2008	(4,990) <sup>(6)</sup>	10	10	Cash	Transfer	0.01	[●]
June 10, 2008	10 <sup>(7)</sup>	10	10	Cash	Transfer	0.00	[●]
On December 16, 2010, the face value of our Equity Shares was sub-divided from ₹ 10 each to ₹ 5 each and consequently, 10 Equity Shares of ₹ 10 each held by Mr. Mehul Choksi became 20 equity shares of ₹ 5 each.							
On December 8, 2016, the face value of equity shares of our Company was consolidated from ₹5 each to ₹10 each and consequently 20 equity shares of ₹ 5 each held by Mr. Mehul Choksi were consolidated into 10 equity shares of ₹ 10 each							
December 22, 2016	40 <sup>(8)</sup>	10	-	Other than cash	Bonus issuance	0.00	[●]
<b>TOTAL</b>	<b>50</b>					<b>0.00</b>	[●]

\*Assuming full subscription to the Issue.

\*\* Includes Equity Shares held by the nominees, including 50 Equity Shares held by Mr. Mehul Choksi as a nominee of GGL.

# The calculation is based on face value of equity share of ₹ 10.

<sup>(1)</sup> Acquisition of 4,990 equity shares of face value of ₹ 10 along with nominees from Mr. Mehul Choksi.

<sup>(2)</sup> Acquisition of 4,990 equity shares of face value of ₹ 10 along with nominees from Ms. Priti Choksi.

<sup>(3)</sup> Acquisition of 20 equity shares of face value of ₹ 10 along by nominees of GGL from Mr. Ashok Sinkar and Mr. Sharad Mehta (10 equity shares of face value of ₹ 10 was transmitted from Mr. Pravin Mehta to Mr. Sharad Mehta).

<sup>(4)</sup> Acquisition of one equity share of face value of ₹ 5 from BCCL.

<sup>(5)</sup> 4,990 equity shares of face value of ₹ 10 were allotted to Mr. Mehul Choksi.

<sup>(6)</sup> Transfer of 4,990 equity shares of face value of ₹ 10 to GGL including its nominees.

<sup>(7)</sup> 10 equity shares of face value of ₹ 10 was held by Mr. Mehul Choksi as a nominee of GGL.

<sup>(8)</sup> 40 equity shares of face value ₹ 10 is held by Mr. Mehul Choksi as a nominee of GGL.

All the Equity Shares held by our Promoters were fully paid-up on the respective dates of acquisition of such Equity Shares. As on date of this Draft Red Herring Prospectus, none of the Equity Shares held by our Promoters is pledged.

#### b) Shareholding of our Promoters and Promoter Group

Provided below are details of Equity Shares held by our Promoters, directors of the Promoters and members of our Promoter Group as on the date of this Draft Red Herring Prospectus:

S No.	Name of Equity shareholder	Pre-Issue		Post-Issue*	
		No. of Equity Shares	Percentage of pre-Issue capital (%)	No. of Equity Shares	Percentage of post-Issue capital (%)
Promoters					
1.	GGL <sup>(1)</sup>	43,727,635	100	●	●
Directors of the Promoter					
1.	Mr. Mehul Choksi <sup>(2)</sup>	50	Negligible	●	●

\*Assuming full subscription in the Issue.

<sup>(1)</sup>Including Equity Shares held by its nominees.

<sup>(2)</sup>Mehul Choksi holds 50 equity shares of face value of ₹ 10 as one of the nominees of GGL.

Members of our Promoter Group do not hold any Equity Shares, as on the date of this Draft Red Herring Prospectus.

### c) Details of Promoters' Contribution and Lock-in for Three Years

Pursuant to the SEBI ICDR Regulations, an aggregate of 20.00% of the fully diluted post-Issue capital of our Company held by our Promoters shall be considered as minimum promoters' contribution and locked-in for a period of three years from the date of Allotment (the "**Promoters' Contribution**").

The lock-in of the Promoters' Contribution would be created as per applicable laws and procedures and its details shall also be provided to the Stock Exchanges before the listing of the Equity Shares.

As on the date of this Draft Red Herring Prospectus, our Promoters collectively hold 43,727,635 Equity Shares (including Equity Shares held through its nominees) constituting 100% of the issued, subscribed and paid-up Equity Share capital of our Company, which are eligible for the Promoters' Contribution.

Our corporate Promoter, GGL, pursuant to a board resolution dated December 14, 2016 has given its consent to include such number of Equity Shares held by it as may constitute 20.00% of the fully diluted post-Issue Equity Share capital of our Company as the Promoters' Contribution and has agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner the Promoters' Contribution from the date of filing this Draft Red Herring Prospectus, until the commencement of the lock-in period specified above, or for such other time as required under the SEBI ICDR Regulations. Details of the Promoters' Contribution are as provided below:

Name of the Promoter	No. of Equity Shares locked-in*	Date of allotment/acquisition	Date when fully paid-up	Face value (₹)	Issue /Acquisition price per Equity Shares (₹)	Nature of allotment	% of the fully diluted post-Issue Capital*
GGL	10,40,000	October 5, 2005	October 5, 2005	10	10	Further issue	1.68%
GGL	39,50,000	March 28, 2007	March 28, 2007	10	10	Further issue	6.40%
GGL	10,000	June 10, 2008	June 10, 2008	10	10	Bought from Mr. Mehul C Choksi, Mrs. Priti M Choksi, Mr. Ashok Sinkar, Mr. Sharad Mehta	0.02%
GGL	33,50,000	March 31, 2009	March 31, 2009	10	75	Further issue	5.43%

Name of the Promoter	No. of Equity Shares locked-in*	Date of allotment/acquisition	Date when fully paid-up	Face value (₹)	Issue /Acquisition price per Equity Shares (₹)	Nature of allotment	% of the fully diluted post-Issue Capital*
GGL	39,95,527	December 22, 2016	December 22, 2016	10	Nil	Bonus Issue	6.47%
<b>Total</b>	<b>1,23,45,527</b>						<b>20.00%</b>

\*Assuming full subscription to the Issue.

Our Promoters have confirmed to our Company and the BRLMs that the acquisition of Equity Shares held by our Promoters has been financed from their internal accruals, and no loans or financial assistance from any banks or financial institutions have been availed of by them for this purpose.

The Promoters' Contribution has been brought in to the extent of not less than the specified minimum lot, as required under the SEBI ICDR Regulations.

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

- (i) Equity Shares acquired during the period of three years preceding the date of this Draft Red Herring Prospectus for consideration other than cash and revaluation of assets or capitalization of intangible assets or bonus shares issued out of revaluation reserves or unrealized profits or bonus shares, which are otherwise ineligible for computation of Promoters' Contribution;
- (ii) Equity Shares acquired during the period of one year preceding the date of this Draft Red Herring Prospectus, at a price lower than the Issue Price;
- (iii) Equity Shares issued to our Promoters on conversion of a partnership firm; and
- (iv) Equity Shares held by our Promoters that are subject to any pledge or any other form of encumbrance.

The Equity Shares held by our Promoters are in dematerialized form and may be transferred to and among our Promoters, members of our 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 Regulations, as applicable.

### 3. Details of Share Capital Locked-in for One Year

In addition to the Promoters' 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 Promoters in excess of Promoters' Contribution), shall be locked in for a period of one year from the date of Allotment.

Pursuant to Regulation 39 of the SEBI ICDR Regulations, the Equity Shares held by our Promoters which are locked-in for a period of one year from the date of Allotment may be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or public financial institutions, provided that such pledge of the Equity Shares is one of the terms of the sanction of such loans. Equity Shares locked-in as Promoters' contribution for three years can be pledged only if in addition to fulfilling the aforementioned requirements, such loans have been granted by such banks or financial institutions for the purpose of financing one or more of the objects of the Issue.

In terms of Regulation 40 of the SEBI ICDR Regulations, Equity Shares held by our Promoters may be transferred to and among our Promoters and/ or members of our Promoter Group or a new promoter or persons in control of our Company, subject to continuation of lock-in in the hands of the transferee for the remaining period and compliance with provisions of the Takeover Regulations. The Equity Shares held by persons other than our Promoters prior to the Issue, may be transferred to any other person holding Equity Shares which are locked in

along with the Equity Shares proposed to be transferred, subject to the continuation of the lock-in in the hands of the transferee and compliance with the provisions of the Takeover Regulations.

**4. Lock-in of Equity Shares Allotted to Anchor Investors**

Any Equity Shares Allotted to Anchor Investors under the Anchor Investor Portion shall be locked in for a period of 30 days from the date of Allotment.

[REMAINDER OF THE PAGE KEPT INTENTIONALLY BLANK]

## 5. Our shareholding pattern

The table below represents the equity shareholding pattern of our Company as on the date of this Draft Red Herring Prospectus:

Category y (I)	Category of shareholde r (II)	Nos. of shareh olders (III)	No. of fully paid up Equity Shares held (IV)	No. of Partl y paid- up Equit y Share s held (V)	No. of shares underlyin g Depositor y Receipts (VI)	Total nos. shares held (VII) = (IV)+(V) + (VI)	Sharehol ding as a % of total no. of shares (calculat ed as per SCRR, 1957) (VIII) As a % of (A+B+C 2)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstandin g convertible securities (including Warrants) (X)	Shareholdin g , as a % assuming full conversion of convertible securities ( as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Equity Shares pledged or otherwise encumbere d (XIII)		Number of Equity Shares held in dematerialize d form (XIV)	
								No of Voting Rights					Total as a % of (A+B+C )	No. (a)	As a % of total Share s held (b)	No. (a)		As a % of total Share s held (b)
								Class e.g.: X	Clas s e.g.: Y	Tota l								
(A)	Promoter & Promoter Group	7	43,727,635	-	-	43,727,635*	100	43,727,635	0	43,727,635	100	-	-	-	-	-	43,727,635	
(B)	Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(C)	Non Promoter- Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(C2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	<b>Total</b>	7	43,727,635	-	-	43,727,635	100	43,727,635	0	43,727,635	100	-	-	-	-	-	43,727,635	

\* Including shares held by nominees



## 6. Shareholding of our Directors and Key Management Personnel in our Company

None of our Directors and Key Management Personnel hold any Equity Shares as on the date of this Draft Red Herring Prospectus, except Mr. Mehul Choksi and Mr. Milind Limaye, each holding 50 Equity Shares in the capacity of a nominee.

As on the date of this Draft Red Herring Prospectus, our Company has seven Equity Shareholders, of which six shareholders are holding Equity Shares in their capacity as nominees of GGL.

## 7. Top 10 shareholders

Our top ten Equity Shareholders and the number of Equity Shares held by them as on the date of the filing of this Draft Red Herring Prospectus are as follows:

S. No.	Equity Shareholder	No. of Equity Shares held	Percentage of pre-Issue equity holding (%)
1.	Gitanjali Gems Limited	43,727,335	99.99
2.	Mehul Choksi*	50	Negligible
3.	Vipul Chitalia*	50	Negligible
4.	Divyesh Timbadia*	50	Negligible
5.	Milind Limaye*	50	Negligible
6.	Aniyath Shivraman Nair*	50	Negligible
7.	Jignesh Shah*	50	Negligible
	<b>Total</b>	<b>43,727,635</b>	<b>100</b>

\* As nominees of GGL.

Our top 10 Equity Shareholders and the number of Equity Shares held by them as of the date 10 days prior to the filing of this Draft Red Herring Prospectus:

S. No.	Equity Shareholder	No. of Equity Shares held	Percentage of pre-Issue equity holding (%)
1.	Gitanjali Gems Limited	43,727,335	99.99
2.	Mehul Choksi*	50	Negligible
3.	Vipul Chitalia*	50	Negligible
4.	Divyesh Timbadia*	50	Negligible
5.	Milind Limaye*	50	Negligible
6.	Aniyath Shivraman Nair*	50	Negligible
7.	Jignesh Shah*	50	Negligible
	<b>Total</b>	<b>43,727,635</b>	<b>100</b>

\* As nominees of GGL.

Our top 10 Equity Shareholders as of the date two years prior to the filing of this Draft Red Herring Prospectus are as follows:

S. No.	Equity Shareholder	No. of Equity Shares held	Percentage of pre-Issue equity holding (%)
1.	Gitanjali Gems Limited	17,490,933	99.99
2.	Priti Choksi*	20	Negligible
3.	Mehul Choksi*	20	Negligible
4.	Sudhir Mehta*	20	Negligible
5.	Amrish Masalia*	20	Negligible
6.	Aniyath Shivraman Nair*	20	Negligible
7.	Nishit Mehta*	20	Negligible
8.	Bennett Coleman & Company Limited	1	Negligible
	<b>Total</b>	<b>17,491,054</b>	<b>100</b>

\* As nominees of GGL.

For details relating to the cost of acquisition of Equity Shares by our Promoters, see “**Risk Factors – Prominent Notes**” on page 46.

8. The details of Equity Shares issued by our Company in the last year preceding the date of filing of this Draft Red Herring Prospectus, which may have been issued at a price lower than the Issue Price are as follows:

S. No.	Name of person/ entity belonging to Promoter and Promoter Group	Date of allotment	Total number of Equity Shares	Face value (₹)	Issue price per Equity Share	Reason for allotment
1.	GGL	December 22, 2016	34,982,108*	10	-	Bonus issuance
2.	Mr Mehul Choksi	December 22, 2016	40**	10	-	Bonus issuance

\* Aggregate of equity shares of face value of ₹ 10 along with nominees.

\*\* 40 equity shares of face value ₹ 10 are held by Mr. Mehul Choksi as a nominee of GGL.

9. For details in relation to allotments made in the last two years preceding the date of this Draft Red Herring Prospectus, see “– **Share Capital History - History of Equity Share Capital of our Company**” on page 79.
10. As on the date of this Draft Red Herring Prospectus, our Company does not have any employee stock option plan.
11. Our Company, our Directors, the BRLMs have not entered into any buy-back, standby and/or any other similar arrangements for the purchase of Equity Shares being offered through this Issue.
12. Except for the acquisition of one equity share of face value of ₹ 5 from BCCL, as disclosed in this Draft Red Herring Prospectus, neither the members of our Promoter Group, nor our Promoters, nor our Directors and their relatives have (i) purchased or sold Equity Shares; or (ii) financed the purchase of Equity Shares by any other person, other than in the normal course of business of the financing entity, during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus with SEBI.
13. Neither the BRLMs nor their associates hold any Equity Shares as of the date of filing of this Draft Red Herring Prospectus. The BRLMs and their affiliates may engage in transactions with and perform services for our Company in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with our Promoters, members of the Promoter Group, Company and/or our Subsidiaries, Group Companies and their respective affiliates, directors, employees and officers, for which they may in the future receive customary compensation.
14. No person connected with the Issue, including, but not limited to, the BRLMs, the members of the Syndicate, our Company, our Subsidiaries, our Directors, our Promoters or the members of our Promoter Group, shall offer in any manner whatsoever, any incentive, whether direct or indirect, in cash, in kind or in services or otherwise to any Bidder for making a Bid.
15. 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.
16. There are no outstanding warrants, options or rights to convert debentures, loans or other convertible instruments into the Equity Shares as on the date of this Draft Red Herring Prospectus.
17. As on the date of this Draft Red Herring Prospectus, our Company has not allotted any Equity Shares pursuant to any scheme approved under Sections 391 to 394 of the Companies Act 1956.
18. Except for the issuance of Equity Shares under the Issue, our Company presently does not intend or propose to alter its capital structure for a period of six months from the Bid Opening Date, by way of split or consolidation of the denomination of Equity Shares, or further issue of Equity Shares, whether on a preferential basis or issue of bonus or rights or further public issue of Equity Shares or qualified institutions placement. However, if our Company enters into acquisitions, joint ventures or other arrangements, our Company may, subject to necessary approvals, consider raising additional capital to fund such activity or use of Equity Shares as consideration for acquisitions or participations in such joint ventures.
19. 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 filing of this Draft Red

Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges or all application monies have been refunded, as the case may be.

20. None of the Equity Shares held by the members of our Promoter Group is pledged or otherwise encumbered.
21. Our Promoters and Promoter Group will not participate in the Issue.
22. The Issue is being made through the Book Building Process, in reliance on Regulation 26(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Issue shall be allocated on a proportionate basis to QIBs. Provided that our Company in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis out of which one third shall be reserved for domestic Mutual Funds only subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the QIB Portion. 5% of the QIB Portion (other than Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion (other than Anchor Investor 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 Issue shall be available for allocation on a proportionate basis to Non Institutional Investors and not less than 35% of the Issue shall be available for allocation, in accordance with the SEBI ICDR Regulations, to Retail Individual Investors, subject to valid Bids being received at or above the Issue Price.
23. Of the Issue of up to 18,000,000 Equity Shares, [●] Equity Shares (aggregating to not more than 5% of the post-Offer Equity Share capital of our Company), shall be reserved for allocation to Eligible Employees on a proportionate basis, subject to valid Bids being received at or above the Issue Price, less the Employee Discount. Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion. Bids by Eligible Employees can also be made in the Net Issue and such Bids shall not be treated as multiple Bids. Unless the Employee Reservation Portion is undersubscribed, the value of allocation to an Eligible Employee shall not exceed ₹ 200,000. In the event of undersubscription in the Employee Reservation Portion, the unsubscribed portion may be allocated, on a proportionate basis, to Eligible Employees for value exceeding ₹ 200,000 up to ₹ 500,000 each. Any unsubscribed portion remaining in the Employee Reservation Portion shall be added to the Net Issue to the public.
24. Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the 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. Such inter se spill-over, if any, would be effected in accordance with applicable laws, rules, regulations and guidelines. Under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from any category or combination thereof.
25. Any oversubscription to the extent of 10% of the Issue can be retained for the purposes of rounding off to the nearest multiple of the minimum Allotment lot.
26. The Equity Shares issued pursuant to the Issue shall be fully paid-up at the time of Allotment.
27. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.
28. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
29. Our Company shall ensure that any transactions in the Equity Shares by our Promoters and our Promoter Group during the period between the date of registering the RHP with the RoC and the date of closure of the Issue shall be reported to the Stock Exchanges within 24 hours of such transactions.

## OBJECTS OF THE ISSUE

### Requirement of Funds

The proceeds of the Issue, after deducting Issue related expenses, are estimated to be ₹ [●] million (the “**Net Proceeds**”).

We intend to utilize the Net Proceeds towards the following objects:

1. Funding the working capital requirements of our Company.
2. Funding the working capital requirements of our Subsidiaries, Nakshatra Brands and GILI India.
3. General corporate purposes.

The main objects and objects incidental and ancillary to the main objects set out in our Memorandum of Association enable us to undertake our existing business activities and the activities for which funds are being raised by us through the Issue.

In addition, our Company expects to receive the benefits of listing of the Equity Shares on the Stock Exchanges and enhancement of our Company’s brand name and creation of a public market for our Equity Shares in India.

### Issue Proceeds

The details of the proceeds of the Issue are set out in the following table:

(₹ in million)

Particulars	Estimated amount <sup>(1)</sup>
Gross proceeds of the Issue	[●]
(Less) Issue related expenses	[●]
Net Proceeds	[●]

<sup>(1)</sup> To be finalized on determination of the Issue Price.

### Utilization of Net Proceeds

The Net Proceeds are proposed to be used in the manner set out in the following table:

(₹ in million)

Particulars	Estimated amount <sup>(1)</sup>
Funding the working capital requirements of our Company	500.00
Funding the working capital requirements of our Subsidiaries, Nakshatra Brands and GILI India	2,500.00
General corporate purposes <sup>(1)</sup>	[●]
<b>Total</b>	[●]

<sup>(1)</sup> To be finalized on determination of the Issue Price and updated in the Prospectus prior to filing with the RoC.

### Schedule of Implementation and Deployment of Funds

We propose to deploy the Net Proceeds for the aforesaid purposes in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below. As on the date of this Draft Red Herring Prospectus, our Company had not deployed any funds towards the objects of the Issue.

(₹ in million)

Particulars	Amount proposed to be funded from Net Proceeds	Schedule of Implementation <sup>(1)</sup>	
		Fiscal 2017	Fiscal 2018
Funding the working capital requirements of our Company	500.00	-	500.00
Funding the working capital requirements of our Subsidiaries, Nakshatra Brands and GILI India	2,500.00	-	2,500.00
General corporate purposes <sup>(1)</sup>	[●]	[●]	[●]
<b>Total</b>	[●]	[●]	[●]

<sup>(1)</sup> To be finalized on determination of the Issue Price and updated in the Prospectus prior to filing with the RoC.

To the extent our Company is unable to utilize any portion of the Net Proceeds towards the aforementioned objects of the Issue, as per the estimated schedule of deployment specified above, our Company shall deploy the Net Proceeds in subsequent Fiscals towards the aforementioned objects.

## Means of Finance

We propose to fund the requirements of the objects detailed above entirely from the Net Proceeds. Accordingly, we confirm that there is no requirement to make firm arrangements of finance under Regulation 4 (2) (g) of the SEBI ICDR Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Issue.

The deployment of the Net Proceeds are based on internal management estimates as per our business plan approved by our Board and are based on current market conditions, and have not been appraised by any bank, financial institution or any other independent agency. In view of the competitive environment of the sector in which we operate, we may have to revise our business plan from time to time and consequently our capital and operational expenditure requirements may also change. Our historical capital and operational expenditure may not be reflective of our future expenditure plans. We may have to revise our estimated costs, funding allocation, reschedule our proposed expenditures and fund requirements owing to factors such as financial and business conditions, finance costs, competition, environment and other external factors which may not be within our control.

In case of any increase in the actual utilization of funds earmarked for the objects, such additional funds for a particular activity will be met by way of means available to our Company, including from internal accruals and any additional equity and/or debt arrangements. If the actual utilization towards any of the objects is lower than the proposed deployment such balance will be used for future growth opportunities including general corporate purposes. In the event that estimated utilization out of the Net Proceeds in a Fiscal is not completely met, such proceeds shall be utilized in the next Fiscal.

## Details of the Objects

The details of the objects of the Issue are set out below.

### 1. Funding working capital requirements of our Company

We propose to utilise ₹ 500 million from the Net Proceeds to fund working capital requirements of our Company. We fund the majority of our working capital requirements in the ordinary course of our business from our internal accruals and financing from various banks. As at March 31, 2016 and September 30, 2016, our sanctioned working capital facilities comprised ₹ 4,095.00 million and ₹ 3,553.50 million respectively, on a standalone basis, from various banks of which an amount of ₹ 4,303.38 million and ₹ 3,738.42 million respectively, was outstanding. For further information, see “*Financial Indebtedness*” on page 316.

#### *Basis of estimation of working capital requirement and estimated working capital requirement*

On the basis of our existing working capital requirements and the incremental working capital requirements, our Board pursuant to its resolution dated December 15, 2016 has approved the business plan for Fiscals 2017 and 2018 and the projected working capital requirements for Fiscals 2017, 2018 for our Company as stated below.

(₹ in million)

Current assets	As at March 31, 2016	As at September 30, 2016	As at March 31, 2017	As at March 31, 2018
Inventories	774.13	603.08	924.96	1,119.51
Trade receivables	6,238.70	10,342.04	9,794.21	11,953.09
Short-term loans and advances and other assets	79.36	80.89	94.35	94.35
<b>Total current assets</b>	<b>7,092.19</b>	<b>11,026.01</b>	<b>10,813.52</b>	<b>13,166.95</b>
<b>Current liabilities</b>				
Trade payables	1,449.08	5,942.09	5,549.73	6,717.05
Other current liabilities	96.56	123.67	126.56	126.56
Short-term provisions	9.86	16.56	19.86	19.86

Current assets	As at March 31, 2016	As at September 30, 2016	As at March 31, 2017	As at March 31, 2018
<b>Total current liabilities</b>	<b>1,555.50</b>	<b>6,082.32</b>	<b>5,696.15</b>	<b>6,863.47</b>
<b>Net working capital requirement</b>				
<b>Funding pattern</b>				
- Bank Borrowings	4,303.38	3,738.42	3,753.38	4,003.38
- Internal accruals	1,233.31	1,205.27	1,363.99	1,800.10
- Issue Proceeds				500.00
<b>Total</b>	<b>5,536.69</b>	<b>4,943.69</b>	<b>5,117.37</b>	<b>6,303.48</b>

#### *Holding levels*

Provided below are details of the holding levels (days) considered.

Particulars	Number of days outstanding
Inventories	Our inventories primarily consist of diamonds, jewellery and related products. We have assumed 19 days of average annual revenue from operations.
Trade receivables	Trade receivable primarily consists of invoices raised with our clients for our products. We have assumed approximately 205 days average annual revenue from operations.
Short term loans and advances and Other Assets	Short term loans and advances and other assets consists of loans, advances, etc. We have assumed approximately two days average annual revenue from operations.
Trade payables	We have assumed 116 days average annual revenue from operations.
Short term Liabilities & Provisions	We have assumed approximately three days average annual revenue from operations.

#### *Justification for holding period levels*

Particulars	Details
Inventories	Inventory days are computed in line with historic trends of Standalone Financial Statements and are expected to remain in similar range.
Trade receivables	Receivables days are computed in line with historic trends of Standalone Financial Statements and are expected to remain in similar range.
Short term loans and advances and Other Assets	Short term loans and advances and other assets are computed in line with historic Standalone Financial Statements and are expected to increase based on expected business growth.
Trade payables	Trade payables are expected to grow in line with expected business growth. Holding levels for trade payables is computed in line with the historic trends of Standalone Financial Statements and is expected to remain in similar range.
Short term Liabilities & Provisions	Short term liabilities and provisions are expected to grow in line with expected business growth. Holding levels for other payables and accruals is computed in line with the historic trends of Standalone Financial Statements and is expected to remain in similar range.

We propose to utilise our existing working capital facilities and internal accruals in Fiscal 2017, towards working capital requirements. Further, we propose to utilise ₹ 500 million of the Net Proceeds in Fiscal 2018, towards our working capital requirements for meeting our future business requirements.

Ford Rhodes Park & Co. LLP have, by a certificate dated March 6, 2017, certified the working capital requirements of our Company. See “**Material Contracts and Documents for Inspection**” on page 442.

## **2. Funding the working capital requirements of our Subsidiaries, Nakshatra Brands and GILI India**

We intend to utilise a part of the Net Proceeds, amounting to ₹ 2,500 million, to fund working capital requirements in our Subsidiaries, Nakshatra Brands and GILI India. The investment in Nakshatra Brands and GILI India by our Company may be in the form of debt or equity or in any other manner as may be mutually decided between our Company and Nakshatra Brands and GILI India. The actual mode of investment has not been finalised as on the date of this Draft Red Herring Prospectus. Nakshatra Brands and GILI India intend to utilise this investment towards their working capital requirements (as indicated below).



The following table sets forth the details of the existing and projected working capital requirements of Nakshatra Brands and GILI India:

Nakshatra Brands:

(₹ in million)

Current assets	As at March 31, 2016	As at September 30, 2016	As at March 31, 2017	As at March 31, 2018
Inventories	14,690.03	15,579.42	15,756.69	19,640.25
Trade receivables	15,198.94	19,985.97	20,745.48	25,858.63
Short-term loans and advances and Other Assets	389.44	500.65	499.44	499.44
<b>Total current assets</b>	<b>30,278.41</b>	<b>36,066.04</b>	<b>37,001.61</b>	<b>45,998.32</b>
<b>Current liabilities</b>				
Trade payables	19,548.93	24,066.03	24,685.47	30,769.72
Other current liabilities	156.00	191.45	186.00	186.00
Short-term provisions	233.72	370.59	363.72	363.72
<b>Total current liabilities</b>	<b>19,938.65</b>	<b>24,628.07</b>	<b>25,235.19</b>	<b>31,319.44</b>
<b>Net working capital requirement</b>				
<b>Funding pattern</b>				
- Bank Borrowings	6,973.93	7,737.88	7,738.93	8,038.93
- Internal accruals	3,365.83	3,700.09	4,027.49	5,139.95
- Issue Proceeds	-	-	-	1,500.00
<b>Total</b>	<b>10,339.76</b>	<b>11,437.97</b>	<b>11,766.42</b>	<b>14,678.88</b>

#### Holding levels

Provided below are details of the holding levels (days) considered.

Particulars	Number of days outstanding
Inventories	Our inventories primarily consist of diamonds, jewellery and related products. We have assumed 144 days of average annual revenue from operations.
Trade receivables	Trade receivables primarily consist of invoices raised with our clients for our products. We have assumed approximately 189 days average annual revenue from operations.
Short term loans and advances and Other Assets	Short term loans and advances and other assets consists of loans, advances, etc. We have assumed approximately four days average annual revenue from operations.
Trade payables	We have assumed 225 days average annual revenue from operations.
Short term Liabilities & Provisions	We have assumed approximately five days average annual revenue from operations.

#### Justification for holding period levels

Particulars	Details
Inventories	Inventory days are computed in line with historic trends of Standalone Financial Statements and are expected to remain in similar range.
Trade receivables	Receivables days are computed in line with historic trends of Standalone Financial Statements and are expected to remain in similar range.
Short term loans and advances and Other Assets	Short term loans and advances and other assets are computed in line with historic Standalone Financial Statements and are expected to increase based on expected business growth.
Trade payables	Trade payables are expected to grow in line with expected business growth. Holding levels for trade payables is computed in line with the historic trends of Standalone Financial Statements and is expected to remain in similar range.
Short term Liabilities & Provisions	Short term liabilities and provisions are expected to grow in line with expected business growth. Holding levels for other payables and accruals is computed in line with the historic trends of Standalone Financial Statements and is expected to remain in similar range.

Nakshatra Brands propose to utilise the existing working capital facilities and internal accruals in Fiscal 2017, towards working capital requirements. Further, we propose to utilise ₹ 1,500 million of the Net Proceeds in Fiscal 2018, towards our working capital requirements for meeting our future business requirements.

Ford Rhodes Park & Co. LLP have, by a certificate dated March 6, 2017, certified the working capital requirements of Nakshatra Brands. See “*Material Contracts and Documents for Inspection*” on page 442.

GILI India:

(₹ in million)

Current assets	As at March 31, 2016	As at September 30, 2016	As at March 31, 2017	As at March 31, 2018
Inventories	5,539.98	6,429.00	6,553.60	8,434.46
Trade receivables	9,950.09	14,973.75	14,937.05	19,223.93
Short-term loans and advances and Other Assets	81.09	152.94	156.09	156.09
<b>Total current assets</b>	<b>15,571.16</b>	<b>21,555.69</b>	<b>21,646.74</b>	<b>27,814.48</b>
<b>Current liabilities</b>				
Trade payables	9,832.35	15,515.18	15,456.60	19,892.59
Other current liabilities	153.50	114.02	153.50	153.50
Short-term provisions	5.63	69.36	70.63	70.63
<b>Total current liabilities</b>	<b>9,991.48</b>	<b>15,698.56</b>	<b>15,680.73</b>	<b>20,116.72</b>
<b>Net working capital requirement</b>				
<b>Funding pattern</b>				
- Bank Borrowings	3,559.45	3,563.93	3,564.45	3,574.45
- Internal accruals	2,020.23	2,293.20	2,401.57	3,123.32
- Issue Proceeds	-	-	-	1,000.00
<b>Total</b>	<b>5,579.68</b>	<b>5,857.13</b>	<b>5,966.02</b>	<b>7,697.77</b>

#### Holding levels

Provided below are details of the holding levels (days) considered.

Particulars	Number of days outstanding
Inventories	Our inventories primarily consist of diamonds, jewellery and related products. We have assumed 101 days of average annual revenue from operations.
Trade receivables	Trade receivable primarily consists of invoices raised with our clients for our products. We have assumed approximately 230 days average annual revenue from operations.
Short term loans and advances and Other Assets	Short term loans and advances and other assets consists of loans, advances, etc. We have assumed approximately two days average annual revenue from operations.
Trade payables	We have assumed 238 days average annual revenue from operations.
Short term Liabilities & Provisions	We have assumed approximately three days average annual revenue from operations.

#### Justification for holding period levels

Particulars	Details
Inventories	Inventory days are computed in line with historic trends of Standalone Financial Statements and are expected to remain in similar range.
Trade receivables	Receivables days are computed in line with historic trends of Standalone Financial Statements and are expected to remain in similar range.
Short term loans and advances and Other Assets	Short term loans and advances and other assets are computed in line with historic Standalone Financial Statements and are expected to increase based on expected business growth.
Trade payables	Trade payables are expected to grow in line with expected business growth. Holding levels for trade payables is computed in line with the historic trends of Standalone Financial Statements and is expected to remain in similar range.
Short term Liabilities & Provisions	Short term liabilities and provisions are expected to grow in line with expected business growth. Holding levels for other payables and accruals is computed in line with the historic trends of Standalone Financial Statements and is expected to remain in similar range.

We propose to utilise our existing working capital facilities and internal accruals in Fiscal 2017, towards working capital requirements. Further, we propose to utilise ₹ 1,000 million of the Net Proceeds in Fiscal 2018, towards our working capital requirements for meeting our future business requirements.

Ford Rhodes Park & Co. LLP have by a certificate dated March 6, 2017, certified the working capital requirements of GILI India. See “**Material Contracts and Documents for Inspection**” on page 442.

### 3. General Corporate Purposes

Our Company proposes to deploy the balance of the Net Proceeds aggregating ₹ [●] million towards general corporate purposes and subject to such utilization not exceeding 25% of the Gross Proceeds, in compliance with the SEBI ICDR Regulations, for general corporate purposes, as may be approved by our management, including but not limited to the following:

- (a) strategic initiatives and acquisitions;
- (b) brand building and strengthening of our marketing capabilities; and
- (c) meeting expenses and exigencies which our Company may face in the ordinary course of business.

The quantum of utilization of funds towards each of the above purposes will be determined by our Board based on the permissible amount actually available under the head ‘General Corporate Purposes’ and the business requirements of our Company, from time to time.

### Issue Related Expenses

The total expenses of the Issue are estimated to be approximately ₹ [●] million. The expenses of this Issue include, among others, fees payable to the BRLMs, selling commissions, legal fees, fees to the Registrar to the Issue, including processing fee to the SCSBs for processing ASBA forms submitted by the ASBA Bidders procured by the Syndicate and submitted to SCSBs, brokerage and selling commissions payable to the Registered Brokers, RTAs and CDPs, printing and stationery expenses, advertisements and publicity expenses and listing fees.

The estimated Issue expenses are set forth below:

Item	Estimated expenses (₹ in million) <sup>(1)</sup>	As a % of the total estimated Issue expenses <sup>(1)</sup>	As a % of the total Issue size <sup>(1)</sup>
BRLMs fees and commission (including underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
Brokerage and selling commission for Registered Brokers <sup>(2)</sup> , RTAs and CDPs <sup>(3)</sup>			
Commission/processing fee for SCSBs <sup>(4)</sup>			
Fees payable to the Registrar to the Issue	[●]	[●]	[●]
Fees payable to other advisors to the Issue	[●]	[●]	[●]
Others			
- Listing fees, SEBI filing fees, book building software fees	[●]	[●]	[●]
- Printing and stationary	[●]	[●]	[●]
- Advertising and marketing expenses	[●]	[●]	[●]
- Fees paid to monitoring agency	[●]	[●]	[●]
- Miscellaneous	[●]	[●]	[●]
<b>Total estimated Issue expenses</b>	[●]	[●]	[●]

<sup>(1)</sup> Will be incorporated at the time of filing of the Prospectus.

<sup>(2)</sup> Registered Brokers will be entitled to a commission of ₹ [●] per every valid Bid cum Application Form submitted to them and uploaded on the electronic bidding system of the Stock Exchanges.

<sup>(3)</sup> RTAs and the CDPs will be entitled to a commission of [●]% of [●].

<sup>(4)</sup> The SCSBs would be entitled to a processing fee of ₹ [●] per Bid cum Application Form, for processing the Bid cum Application Forms procured by the members of the Syndicate, Sub-Syndicate/ Agents, CDPs, RTAs or the Registered Brokers and submitted to the SCSBs.

Our Company will bear all costs, charges, fees and expenses associated with and incurred in connection with this Issue.

### Interim Use of Net Proceeds

Pending utilization for the purposes described above, we intend to temporarily invest the funds from the Net Proceeds only in scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act,

1934. In accordance with Section 27 of the Companies Act 2013, our Company shall not use the Net Proceeds for any investment in any equity or equity linked securities.

Our Company confirms that it shall not use Net Proceeds of the Issue for buying, trading or otherwise dealing in shares of any other listed company or for any investment in the equity markets.

### **Bridge Financing Facilities**

Our Company has not raised any bridge loans from any bank or financial institution as on the date of this Draft Red Herring Prospectus, which are proposed to be repaid/prepaid from the Net Proceeds.

### **Monitoring of Utilization of Funds**

There is no requirement for appointment of a monitoring agency as the Issue size is less than ₹ 5,000 million. We will disclose the utilization of the Net Proceeds under a separate heading on our balance sheet along with the relevant details, for all such amounts that have not been utilized. Our Company will indicate investments, if any, of unutilized Net Proceeds in the balance sheet of our Company for the relevant Fiscal.

Pursuant to Regulation 32 of the SEBI Listing Regulations, as applicable, our Company shall, on a quarterly basis, disclose to the Audit Committee any deviations and the variation from the intended use by category of the Net Proceeds and, after such review, the statements shall be submitted to the Stock Exchanges. This information will also be advertised in newspapers simultaneously with the interim or annual financial results of our Company after presenting the same to the Audit Committee. We will disclose the utilization of the Net Proceeds under a separate heading on our balance sheet(s) until such time as the Net Proceeds are fully utilized clearly specifying the purpose for which such Net Proceeds have been utilized and also indicating interim investments, if any, of such unutilized Net Proceeds. In the event that we are unable to utilize the entire amount that we have currently estimated for use out of the Net Proceeds in a Fiscal, we will utilize such unutilized amount in the next Fiscal.

### **Variation in Objects**

In accordance with Sections 13(8) and 27 of the Companies Act 2013, our Company shall not vary the objects of the Issue without our Company being authorized to do so by the shareholders by way of a special resolution. In addition, the notice issued to the shareholders in relation to the passing of such special resolution shall specify the prescribed details and be published in accordance with the Companies Act 2013. Pursuant to the Companies Act 2013, our Promoters will be required to provide an exit opportunity to the shareholders who do not agree to such proposal to vary the objects of the Issue subject to and in accordance with the provisions of the Companies Act 2013 and rules issued thereunder, including in respect of pricing of the Equity Shares, and in accordance with the provisions of Chapter VI A of the SEBI ICDR Regulations.

### **Other Confirmations**

There are no material existing or anticipated transactions in relation to the utilization of the Net Proceeds with our Promoters, Directors, Key Management Personnel and the members of our Promoter Group or Group Companies. Further, no part of the Net Proceeds will be paid by us as consideration to our Promoters, Directors, Key Management Personnel and the members of our Promoter Group or Group Companies, except in the ordinary course of business.

## BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 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.

### Qualitative Factors

We believe we have the following competitive strengths:

- Established brands in the organised Indian jewellery market.
- Extensive distribution network.
- Vertically integrated operations resulting in operational efficiencies and effective inventory and risk management.
- Experience of our Promoters and strong management.

See, “*Our Business*” and “*Risk Factors*” on pages 120 and 18 respectively.

### Quantitative Factors

The information presented below relating to our Company is based on the Restated Consolidated Financial Statements and Restated Standalone Financial Statements prepared in accordance with Indian GAAP, the Companies Act 1956 and the Companies Act 2013 and restated in accordance with the SEBI ICDR Regulations.

See, “*Financial Statements*” on page 184.

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

#### I. Basic and Diluted Earnings Per Share (“EPS”), as adjusted for change in capital:

As per our Restated Consolidated Financial Statements:

Year ended	EPS (in ₹)	Basic		Diluted	
		Weight	EPS (in ₹)	Weight	
March 31, 2014	8.75	1	8.66	1	
March 31, 2015	9.00	2	9.00	2	
March 31, 2016	45.53	3	45.53	3	
<b>Weighted Average</b>	<b>27.22</b>		<b>27.21</b>		

As per our Restated Standalone Financial Statements:

Year ended	EPS (in ₹)	Basic		Diluted	
		Weight	EPS (in ₹)	Weight	
March 31, 2014	2.71	1	2.68	1	
March 31, 2015	1.63	2	1.63	2	
March 31, 2016	0.35	3	0.35	3	
<b>Weighted Average</b>	<b>1.17</b>		<b>1.17</b>		

Notes:

- (1) Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. (EPS x Weight) for each year / Total of weights
- (2) The face value of each equity share was ₹5 for Fiscals 2014, 2015 and 2016
- (3) Basic EPS and Diluted EPS calculations are in accordance with Accounting Standard 20 (AS-20) 'Earnings per Share', notified under Section 133 of Companies Act 2013 read together along with paragraph 7 of the Companies (Accounts) Rules, 2014.

(4) The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Statements.

**Notes:**

**II. Price/Earning (P/E) ratio in relation to Issue Price of ₹ [●] per Equity Share of face value of ₹ [●] each:**

Particulars	As per our Restated Consolidated Financial Statements	As per our Restated Un-Consolidated Financial Statements
P/E ratio based on Basic EPS for the financial year ended March 31, 2016 at the lower end of the Price band	[●]	[●]
P/E ratio based on Diluted EPS for the financial year ended March 31, 2016 at the lower end of the Price band	[●]	[●]
P/E ratio based on Basic EPS for the financial year ended March 31, 2016 at the higher end of the Price band	[●]	[●]
P/E ratio based on Diluted EPS for the financial year ended March 31, 2016 at the higher end of the Price band	[●]	[●]

a. Industry P/E ratio <sup>(1)</sup> <sup>(2)</sup>:

- i. Highest: 43.60
- ii. Lowest: 5.04
- iii. Industry Composite: 21.66

*Notes*

- (1) The industry high and low has been considered from the industry peer set consisting of Titan Company Limited, PC Jeweller Limited and Renaissance Jewellery Limited. The industry composite has been calculated as the arithmetic average standalone P/E of the industry peer set provided below. See "Comparison with Industry Peers" below.
- (2) Since the EPS of Tribhovandas Bhimji Zaveri Limited is negative, P/E ratio has not been taken in the above calculation

**III. Return on Net Worth ("RoNW"):**

**As per our Restated Consolidated Financial Statements:**

Year ended	RoNW (%)	Weight
March 31, 2014	2.42	1
March 31, 2015	1.43	2
March 31, 2016	6.75	3
Weighted Average	4.26	

**As per our Restated Standalone Financial Statements:**

Year ended	RoNW (%)	Weight
March 31, 2014	1.50	1
March 31, 2015	0.33	2
March 31, 2016	0.07	3
Weighted Average	0.39	



Note:

- (1) Weighted average = Aggregate of year-wise weighted Net Worth divided by the aggregate of weights i.e. [(Net Worth x Weight) for each year] / [Total of weights].
- (2) Return on Net Worth (%) = Net Profit after Taxation (as restated) divided by Net worth at the end of the year.
- (3) Net worth has been computed as the aggregate of share capital and reserves and surplus.

#### IV. Minimum Return on Increased Net Worth after the Issue needed to maintain Pre-Issue EPS for the year ended March 31, 2016:

Particulars	At Floor Price	At Cap Price
<b>To Maintain pre-Issue basic EPS</b>		
On a standalone basis	[●]	[●]
On a consolidated basis	[●]	[●]
<b>To Maintain pre-Issue diluted EPS</b>		
On a standalone basis	[●]	[●]
On a consolidated basis	[●]	[●]

#### V. Net Asset Value<sup>#</sup> (“NAV”) per Equity Share of face value ₹ [●] each:

- a. NAV per Equity Share as on March 31, 2016 on standalone basis: ₹ [●]
- b. NAV per Equity Share as on March 31, 2016 on consolidated basis: ₹ [●]
- c. After the Issue on standalone basis: ₹ [●]
  - i. At the Floor Price: ₹ [●]
  - ii. At the Cap Price: ₹ [●]
- d. After the Issue on standalone basis: ₹ [●]
  - i. At the Floor Price: ₹ [●]
  - ii. At the Cap Price: ₹ [●]
- e. Issue Price: ₹ [●]

Note:

- (1) Issue Price per Equity Share will be determined on conclusion of the Book Building Process.
- (2) Net Asset Value per Equity Share represents Net worth at the end of the year / Total number of equity shares outstanding at the end of year.

#### VI. Comparison with Industry Peers:

For the year ended March 31, 2016 <sup>(1)</sup>							
Name of the company	Unconsolidated / Consolidated	Face Value per Equity Share (₹)	P/E <sup>(2)</sup>	EPS (₹) <sup>(3)</sup>		Return on Net Worth (%) <sup>(4)</sup>	Net Asset Value / Share (₹) <sup>(5)</sup>
				Basic	Diluted		
Our Company	Consolidated	5.00	[●]	45.53	45.53	6.75	674.19
	Standalone	5.00	[●]	0.35	0.35	0.07	494.30
Peer Group							
Titan Company Limited	Consolidated	1.00	43.60	7.77	7.77	19.75	39.31
Tribhovandas Bhimji Zaveri Limited	Consolidated	10.00	N.A. <sup>(6)</sup>	(4.13)	(4.13)	(6.32)	65.35
PC Jeweller Limited	Consolidated	10.00	16.35	22.32	22.28	17.18 <sup>(7)</sup>	129.89
Renaissance Jewellery Limited	Consolidated	10.00	5.04	24.87	24.87	10.28	241.82

Notes:

- (1) All financial information for listed industry peers mentioned above is on consolidated financial statements for the financial year ending March 2016 and is sourced from the annual reports of the respective companies for the year ended and as on March 31, 2016.
- (2) P/E is calculated as closing price as on March 31, 2016 divided by EPS (Basic). Price Source: BSE.
- (3) EPS (basic) – As reported by respective companies in their Annual Report.
- (4) Return on Net worth has been calculated as Net Profit After Tax divided by total number of equity shares outstanding at the end of March 31, 2016.
- (5) Net Asset Value per equity share has been calculated as Net worth divided by total number of equity shares outstanding at the end of March 31, 2016.
- (6) P/E denoted as N.A. as EPS is negative.
- (7) Networth for PC Jeweller Limited includes equity paid-up capital plus reserves and surplus which includes share options outstanding for Rs. 80.1 million.

The Issue Price of ₹ [●] has been determined by our Company, in consultation with the BRLMs, on the basis of assessment of market demand from investors for the Equity Shares through the Book-Building Process and is justified in view of the above qualitative and quantitative parameters. Investors should read the above mentioned information along with the sections titled “**Risk Factors**”, “**Financial Statements**” and “**Management’s Discussion and Analysis of Financial Condition and Results of Operations**” on pages 18, 184 and 293 respectively, to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in “**Risk Factors**” or any other factors that may arise in the future and you may lose all or part of your investment.

## STATEMENT OF TAX BENEFITS

To,  
The Board of Directors,  
**Nakshatra World Limited**  
A-1, 7<sup>th</sup> Floor, Laxmi Tower  
Bandra Kurla Complex  
Bandra (East)  
Mumbai 400 051

Dear Sir,

**Subject: Statement of Possible Special Tax Benefits (the “Statement”) available to Nakshatra World Limited (the “Company”) and its shareholders, in connection with the Company’s proposed initial public offering (the “Issue”), in accordance with the requirement in Schedule VIII – Clause (VII) (L) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the “SEBI ICDR Regulations”).**

We hereby report that the enclosed Statement is in connection with the possible special tax benefits available to the Company and to its shareholders as per the provisions of the Income –Tax Act, 1961, as amended (the “IT Act”) and other applicable direct and indirect tax laws, as amended by the Finance Act, 2016, i.e., applicable for financial year 2016-2017, relevant to the assessment year 2017-2018, as presently in force in India and does not take into account any changes proposed in Finance Bill 2017. Unless otherwise specified, sections referred to below are sections of the IT Act.

The Benefits discussed in the statement are not exhaustive. The current position of tax benefits available to the Company and to its shareholders is provided for general information only. In view of the individual nature of tax benefits, each investor is advised to consult its own tax consultant with respect to the specific tax implications arising out of its participation in the Issue.

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

- The Company and its shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefits have been / would be met with.
- 

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

No assurance is given that the revenue authorities/ Courts will concur with the view expressed herein. Our views are based on existing provisions of law and its implementation, which are subject to change from time to time. We do not assume any responsibility to update the views consequent to such changes.

We hereby consent to the Statement being disclosed in the Draft Red Herring Prospectus, Red Herring Prospectus and the Prospectus to be issued by the Company and filed with the concerned regulators, or otherwise in any offering materials issued by the Company, in connection with the Issue.

Sincerely,

**For FORD RHODES PARKS & Co. LLP**

Chartered Accountants  
ICAI FR No. 102860W/W100089

A. D. Shenoy  
Partner  
Membership No. 11549  
Date: March 6, 2017  
Place: Mumbai

## STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

Statement Of Possible Special Tax Benefits available to Nakshatra World Limited (the “**Company**”) and its shareholders, in connection with the Company’s proposed initial public offering (the “**Issue**”), in accordance with the requirement in Schedule VIII – Clause (VII) (L) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the “**SEBI ICDR Regulations**”)

### Special tax benefits available to the company (including its subsidiaries)

#### I. Direct Taxes:

As per section 10AA of the Act, a unit set up in a Special Economic Zone (‘**SEZ**’), which begins to manufacture or produce articles or things or provide any services during the previous year relevant to any assessment year commencing on or after the 1st day of April 2006, will be entitled to deduction as follows:

- a) 100 per cent of the profits and gains derived from export of articles or things manufactured or produced or any services provided from its unit set up in a SEZ for a period of 5 consecutive assessment years beginning with the assessment year relevant to the previous year in which such unit begins to manufacture or produce such articles or things or provide services, as the case may be;
- b) 50 per cent of such profits and gains for further 5 assessment years; and
- c) thereafter for another 5 consecutive assessment years, the Company will be entitled to a deduction of such amount not exceeding 50 per cent of the profit as is debited to Profit & Loss Account of the previous year in respect of which the deduction is to be allowed and credited to a special reserve viz. “Special Economic Zone Reinvestment Reserve Account” to be created and utilized for the purpose of the business of the Company in the manner laid down in section 10AA (2) of the Act.

The benefit for all 15 years will be available subject to fulfillment of conditions prescribed by the section.

However, the aforesaid deduction is not available while computing tax liability of the Company under section 115JB of the Act i.e. Minimum Alternative Tax (‘**MAT**’) provisions.

Nonetheless, such MAT paid/ payable on the book profits of the Company computed in terms of the provisions of Act would be eligible for credit against tax liability arising under normal provisions of the Act.

Further, such credit would not be allowed to be carried forward and set off beyond 10<sup>th</sup> assessment year immediately succeeding the assessment year in which such credit becomes allowable.

Further in terms of Amendment made through Finance Bill, 2016, Sub-section (1) of section 10AA of the Act has been amended so as to provide that the deduction under this section is available only for those units which begins to carry out the above referred activity before the assessment year commencing on the 1<sup>st</sup> day of April, 2021. This amendment will take effect from 1<sup>st</sup> April, 2017 and will, accordingly, apply in relation to the assessment year 2017-2018 and subsequent years.

#### II. Indirect taxes:

Special Benefit available to Unit located in Special Economic Zone

Under the Special Economic Zone Act (SEZ), 2005, following indirect tax benefits would be available subject to fulfillment of specified conditions and procedures prescribed under the relevant legislations:

- a. Goods imported into or service provided in a SEZ unit for carrying out authorized operations approved by the Development Commissioner are exempt from any duty of customs under the Customs Act, 1962 or the Custom Tariff Act, 1975 or any other law.

- b. Exemption from any duty of customs under the Customs Act, 1962 or the Custom Tariff Act, 1975 or any other law for time being in force, on goods exported from or services provided, from a special economic zone or from a Unit to any place outside India.
- c. Goods brought from DTA to a SEZ Unit to carry on the authorized operations approved by the Development Commissioner are exempt from any duty of excise, under the Central Excise Act, 1944 or the Central Excise Tariff Act, 1985.
- d. Taxable services provided to carry on the authorized operations (approved by the Development Commissioner) to SEZ Unit are exempt from service tax.
- e. Purchase of goods other than newspapers, if such goods are meant to carry on the authorized operations (approved by the Development Commissioner) in SEZ unit is exempt from the levy of taxes under the Central Sales Tax Act, 1956.
- f. Any other benefits as may be admissible from time to time on goods brought or services provided from DTA into a SEZ unit under certain state VAT legislations (depending upon the relevant state where the unit is set-up).

- **SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS OF THE COMPANY**

There are no special tax benefits available to the shareholders of the Company.

**Note:** The above statement of tax benefits sets out provision of law (as amended by Finance Act 2016) and does not consider any changes proposed in Finance Bill 2017.

## SECTION IV – ABOUT THE COMPANY

### INDUSTRY OVERVIEW

*The information contained in this section is derived from the CARE Report, which was commissioned by our Company and other publicly available sources. Unless specified otherwise, all information in this section has been derived from the CARE Report. Neither we, the BRLMs nor any other person connected with the Issue has independently verified this information accordingly, this information should not be relied on as if it had been so verified. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends.*

#### Global Economic Overview:

The global economy, after having grown by 2.6% in CY 2014 and showing signs of recovery, witnessed a slightly lower growth of 2.4% in CY 2015 amid slowdown in investments, declining oil prices, and geopolitical tensions. Growth in the emerging and developing economies slowed down from 4.2% in CY 2014 to 3.4% in CY 2015(estimated), owing to consolidation and rebalancing in China's economy and recession in Brazil and Russia. In CY2015, China grew 6.9% (compared to 7.3% in CY 2014), while the economies of Brazil and Russia registered negative growth figures of -3.8% and -3.7% respectively in CY 2015(estimated) from 0.1% and 0.7% respectively in CY2014. The growth rate in advanced economies improved to 1.8% in CY 2015(estimated) from 1.7% in CY 2014. Recovery in the euro area, which grew at 1.6% in CY 2015 compared to 0.9% in CY 2014, was offset by the shrinking economies of the United Kingdom (down to 2.3% from 3.1%) and Canada (down to 1.1% from 2.5%), even as the powerful US economy remained stable at 2.4% in CY 2014 and CY 2015. (Source: World Bank).

	CY 2013	CY 2014	CY 2015(E <sup>1</sup> )	CY 2016(E <sup>1</sup> )	CY 2017(P <sup>2</sup> )	CY 2018(P <sup>2</sup> )
<b>World</b>	<b>2.4</b>	<b>2.6</b>	<b>2.4</b>	<b>2.4</b>	<b>2.8</b>	<b>3.0</b>
Advanced Economies	1.1	1.7	1.8	1.7	1.9	1.9
United States	1.5	2.4	2.4	1.9	2.2	2.1
Euro Area	-0.3	0.9	1.6	1.6	1.6	1.5
Japan	1.4	-0.1	0.6	0.5	0.5	0.7
<b>Select emerging and developing economies</b>	<b>4.7</b>	<b>4.2</b>	<b>3.4</b>	<b>3.5</b>	<b>4.4</b>	<b>4.7</b>
China	7.7	7.3	6.9	6.7	6.5	6.3
Indonesia	5.6	5.0	4.8	5.1	5.3	5.5
Brazil	3.0	0.1	-3.8	-4.0	-0.2	0.8
Russia	1.3	0.7	-3.7	-1.2	1.4	1.8
India	6.6	7.2	7.6	7.6	7.7	7.7

(Source: World Bank, CARE Report) <sup>1</sup>E=estimated, <sup>2</sup>P=projected

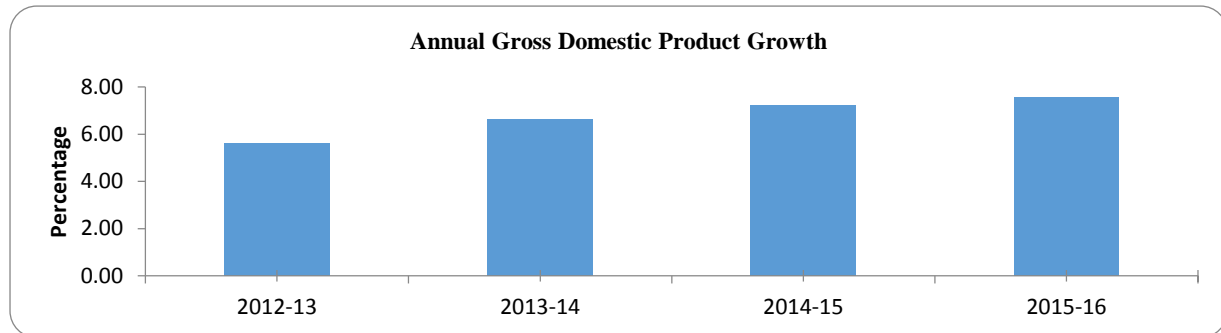
During CY 2016, sluggish growth in advanced economies, stubbornly low commodity prices, weak global trade, and diminishing capital flows has led to the World Bank reducing its global growth forecast from 2.9% to 2.4% for CY2016. Further, unfavorable demographics, lingering after-effects of the global financial crisis and low productivity weighed down some of these economies. The impact of Britain's exit from the European Union will be mostly felt in the European area with minimal impact on the global economy. Going forward, world GDP is expected to improve largely driven by the US economy and select emerging economies. (Source: CARE Report)

#### Indian Economic Overview:

The Indian economy witnessed another successful year, growing at 7.6% (based on the revised base of Fiscal 2012) in Fiscal 2016 compared to 7.2% in Fiscal 2015. Private consumption rose following weaker oil prices and higher real incomes. The exceptional performance of the Indian economy was primarily driven by strong growth in the manufacturing activities, where gross value added grew from 5.5% in Fiscal 2015 to 9.3% in Fiscal 2016.



The services sector continued expanding at nominal rates, whereas the agriculture sector witnessed a marginal growth despite deficient rainfall. Government of India measures – thrust on ‘Make in India’; improving infrastructure; commitment to fiscal targets; and focus on ‘Start-up India’ for boosting Indian G&J Industry entrepreneurship – are likely to create positive economic environment. Also, a forecast of above normal rainfall would drive higher growth in agriculture. With the aforesaid mentioned factors, the real GDP growth in India is expected to be 7.6% in Fiscal 2017. (Source: CARE and RBI: Monetary Policy Report, Central Statistics Office). The annual GDP growth rates for the past:



(Source: CARE Report)

### Global Gems and Jewellery Industry:

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. US, China, and India are the largest consumers of gems and jewellery with China and India being largely gold dominated. In Western Europe, the UK and Italy are the largest consumers and Italy is also one of the world’s largest jewellery fabrication centers. Emerging markets, like China and India’s 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. (Source: CARE Report)

Asia Pacific is the world’s largest jewellery market, with the main contributors being China and India, which are the largest consumers of jewellery in the world and have a large number of processing and manufacturing units.

### Jewellery Demand in select Countries (Tonnes)

	CY2010	CY2011	CY2012	CY2013	CY2014	CY2015
India	657.4	618.3	552.0	612.7	662.1	848.9
Pakistan	NA	NA	NA	NA	NA	35.9
Sri Lanka	NA	NA	NA	NA	NA	7.1
<b>Greater China</b>	<b>480.1</b>	<b>549.6</b>	<b>551.9</b>	<b>989.0</b>	<b>667.3</b>	<b>1,050.8</b>
China	451.8	515.1	518.8	927.9	623.5	984.5
Hong Kong	20.6	27.8	26.3	53.7	36.8	52.8
Taiwan	7.7	6.8	6.9	7.5	7.0	13.4
Japan	21.3	16.6	16.7	17.6	16.3	32.8
Indonesia	32.8	30.2	30.8	45.2	39.8	59.0
Malaysia	N.A.	N.A.	N.A.	N.A.	N.A.	15.7
Singapore	N.A.	N.A.	N.A.	N.A.	N.A.	18.1
S Korea	15.9	12.5	10.1	9.7	9.4	21.6
Thailand	6.3	3.6	3.0	7.3	6.1	90.2

	CY2010	CY2011	CY2012	CY2013	CY2014	CY2015
Vietnam	14.4	13.0	11.4	12.2	12.7	63.4
<b>Middle East</b>	<b>204.5</b>	<b>154.6</b>	<b>153.5</b>	<b>189.4</b>	<b>174.1</b>	<b>288.8</b>
Saudi Arabia	67.6	51.7	47.1	59.0	53.3	84.5
UAE	61.6	50.1	49.8	62.7	55.6	58.4
Kuwait	NA	NA	NA	NA	NA	13.6
Egypt	53.4	33.8	39.7	45.3	45.0	41.4
Iran	NA	NA	NA	NA	NA	70.9
Other Middle East	21.9	19.0	16.9	22.5	20.2	20.0
Turkey	70.6	70.1	61.5	73.3	68.2	72.1
Russia	66.0	76.7	69.6	73.3	70.6	45.9
<b>AMERICA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>250.2</b>
United States	128.6	115.5	108.4	122.0	132.4	192.8
Canada	NA	NA	NA	NA	NA	17.1
Mexico	NA	NA	NA	NA	NA	18.8
Brazil	NA	NA	NA	NA	NA	21.5
<b>EUROPE EX CIS</b>	<b>-</b>	<b>50.2</b>	<b>43.6</b>	<b>43.6</b>	<b>46.4</b>	<b>295.1</b>
France	-	-	-	-	-	15.1
Germany	-	-	-	-	-	123.8
Italy	34.9	27.6	22.3	20.2	18.8	18.0
Spain						8.2
United Kingdom	27.3	22.6	21.4	23.4	27.6	35.4
Switzerland	-	-	-	-	-	50.4
Austria	NA	NA	NA	NA	NA	11.6
Other Europe	-	-	-	-	-	32.6
<b>TOTAL ABOVE</b>	<b>1,760.0</b>	<b>1,711.0</b>	<b>1,612.4</b>	<b>2,195.3</b>	<b>1,905.2</b>	<b>3,195.5</b>
Other & Stock Change	256.8	261.1	283.7	189.3	247.7	231.0
<b>WORLD TOTAL</b>	<b>2,016.8</b>	<b>1,972.1</b>	<b>1,896.1</b>	<b>2,384.6</b>	<b>2,152.9</b>	<b>3,426.5</b>

(Source: CARE Report, World Gold Council)

### Global Gems and Jewellery Structure



(Source: CARE Report)

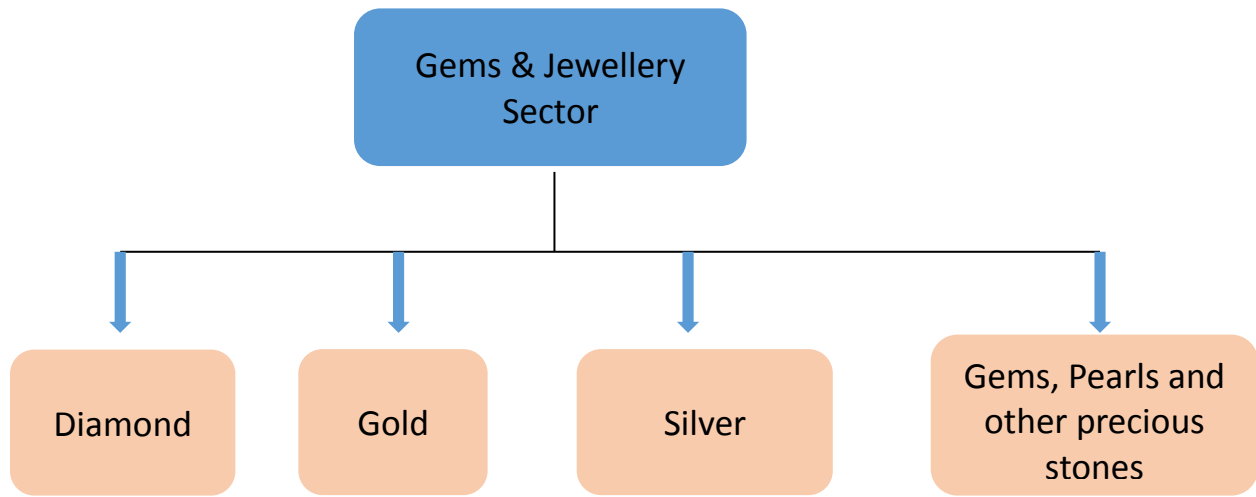
### Indian Gems and Jewellery Industry:

#### Gems and Jewellery Industry Overview:

India is a major processing hub for the global jewellery market, owing to its low-cost and highly-skilled labour advantage. India is also the world's largest diamond-cutting and polishing centre and second largest gold jewellery centre.

The Indian gems and jewellery market comprises of jewellery (gold and silver), diamonds, coloured stones and pearls, among others. Gold and diamond jewellery are the two major segments of the industry globally and India

dominates in both of them. Of the total diamonds sold around the world, more than 90% (14 out of 15) diamonds are cut and polished in India (60% by value) because of the low-cost and highly-skilled manpower. India continues to consume and import gold which crossed 850 tonnes per annum (CY2015) as compared to (877 tonnes) in CY2014. The gems and jewellery market is broadly bifurcated as following chart:

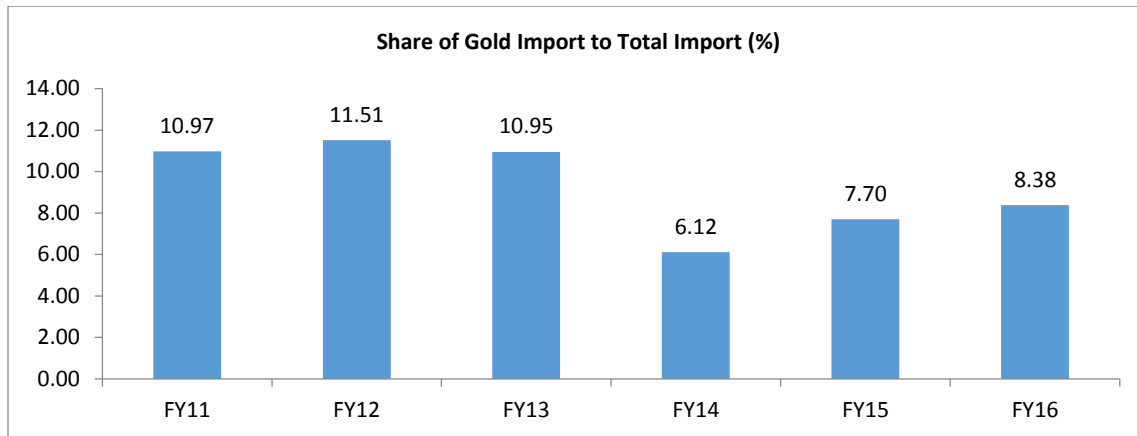


The Gems and Jewellery sector plays a significant role in the Indian economy, contributing approximately 6-7 percent of the country's GDP (*Source: CARE Report*). India is deemed to be the hub of the global jewellery market because of its low costs and availability of high-skilled labour.

The gems and jewellery market in India is home to more than 500,000 players, with the majority being small players. The industry is also highly unorganized dominated by family run jewellers. However, in the recent years there has been a gradual shift to organized players, at both, national and regional level. The organized sector accounts for approximately 28% - 30% of the total market share. However, an increasing number of large showrooms have quickly gained trust among customers with their diverse products, guarantee for purity and value for money. Driven by these factors, the organized sector is expected to grow at a steady pace and increase its market share in the future. Further, Indian consumers also lay emphasis on branded goods, designs and certification. Demand for studded jewellery has witnessed upswing in stark contrast to pure gold jewellery purchased in earlier years.

### ***Gold Jewellery***

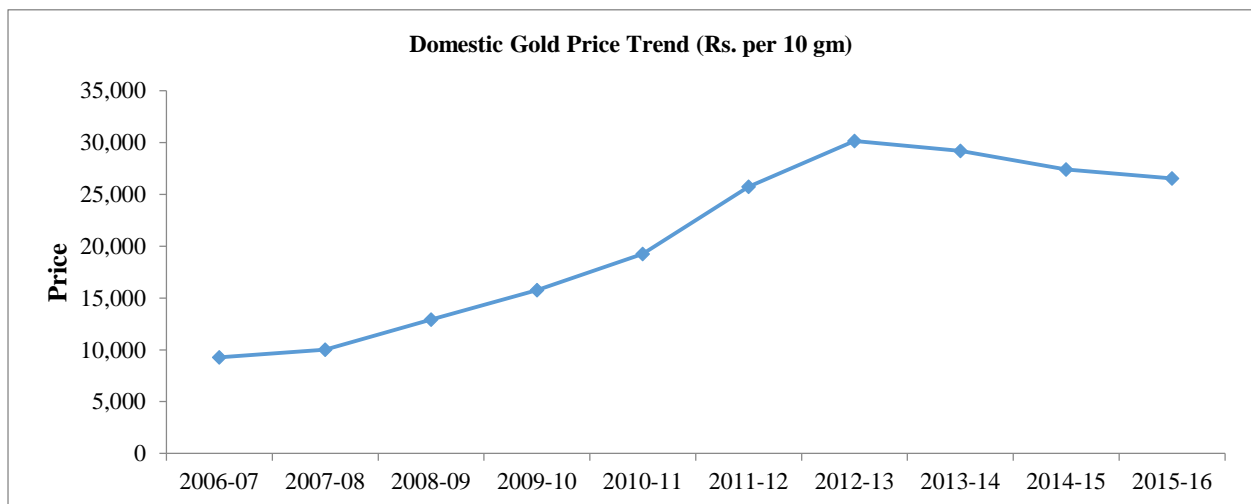
In CY2015, total domestic gold jewellery demand stood at 654.3 tonnes. Demand for domestic gold jewellery reached a historic high of 212.10 tonnes in nine months ended December 31, 2015; year on year growth of 15% on the back of drop in local price to ~Rs.25,000/10gms. However, gold jewellery demand hit a seven-year low of 88.4 tonnes during three months ended June 30, 2016; a 41% year on year decline. This was largely on account of sharp rise in the local gold price and jewellers strike for more than 40 days to protest against imposition of 1% excise duty on jewellery manufacturing in the Union Budget 2016-17. Most of the gold demand is met by imports. The below chart depicts gold imports by India as a percentage to total imports:



(Source: CMIE, CARE Report)

### Price Analysis of Gold

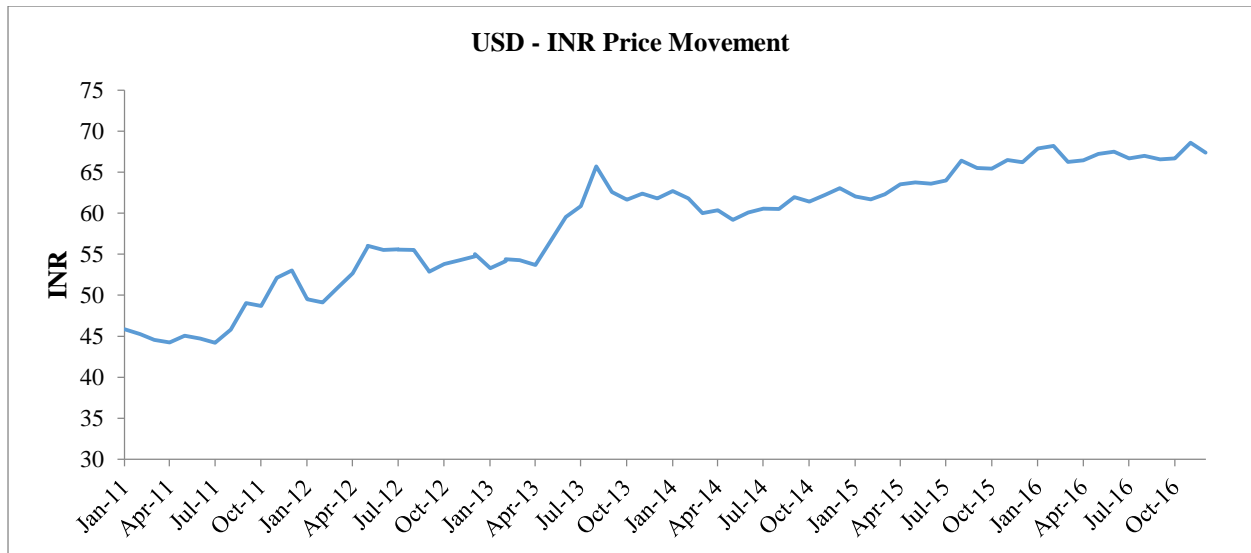
Gold is one of the most essential materials in jewellery making and the price of gold is determined by the fundamental demand-supply dynamics of the bullion market. Gold has always been considered a safe haven asset which provides security during economic uncertainty. It has been observed that, the Indian consumer is very price sensitive and remains risk averse when the prices are volatile. The trend of domestic gold prices for the past 10 years is as mentioned below:



(Source: CMIE, CARE Report)

Global gold demand declined in CY 2015 to 4,212 tonnes from 4,226 tonnes in CY 2014 in volume terms (Source: CARE Report). 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. In India, the USD/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.

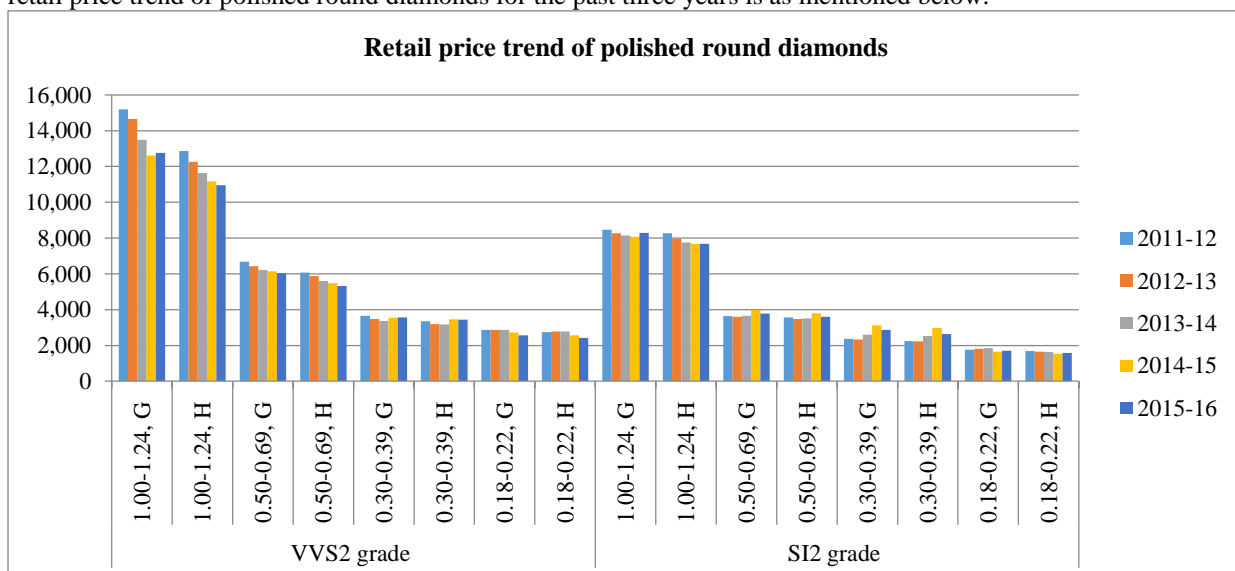
The trend of USD-INR exchange rate over the past five years is as mentioned below:



(Source: CARE Report)

### Diamonds

India is the world's largest cutting and polishing centre for diamonds, with the cutting and polishing industry being well supported by government policies. Moreover, India exports 95 percent of the world's diamonds. The retail price trend of polished round diamonds for the past three years is as mentioned below:



(Source: CMIE, CARE Report)

### Import and Exports

Gems and jewellery is one of the fastest growing sectors and is extremely export oriented and labour intensive. Based on its potential for growth and value addition, the Government of India has declared the Gems and Jewellery sector as a focus area for export promotion. The Government of India has recently undertaken various measures to promote investments and to upgrade technology and skills to promote 'Brand India' in the international market.

#### Exports

India is one of the largest exporters of gems and jewellery and the industry is considered to play a vital role in the Indian economy as it contributes a major chunk to the total foreign reserves of the country. The overall net exports of gems and jewellery in Fiscal 2016 stood at US\$ 31.98 billion, whereas exports of cut and polished diamonds stood at US\$ 19.99 billion. The gems and jewellery segment contributed 13.3% share in total exports, which

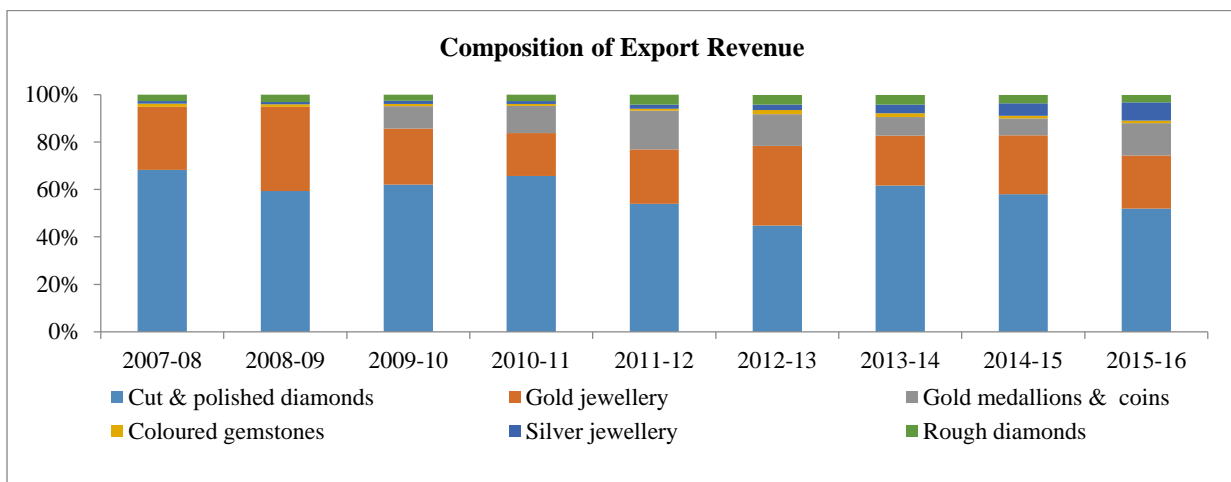
makes the sector second largest exporter after petrochemicals which contributed 18.3% share in total exports in Fiscal 2015, thereby contributing in a big way to the India's foreign exchange earnings

The contribution of gems and jewellery sector to country's total exports is as following:

Year	Export of Gems and Jewellery (US\$ billion)	Gold (US\$ billion)	Diamond (US\$ billion)
Fiscal 2012	43.21	9.79	25.12
Fiscal 2013	39.13	13.03	19.01
Fiscal 2014	34.99	11.44	12.74
Fiscal 2015	36.26	26.08	24.58
Fiscal 2016	31.98	13.84	21.16
H1FY17	17.84	7.03	12.43

(Source: GPEPC website, CMIE, CARE Report)

The composition of various segments to the total exports of G&J sector is as depicted below:



(Source: CMIE, CARE Report)

Gems and Jewellery exports declined in Fiscal 2016 to the lowest in six years, due to a slowing global economy which reduced the demand for luxury goods. India's net G&J export at almost \$31.98 billion, as compared to \$36.22 billion the previous year, was down 5.3 percent in dollar terms. The fall in G&J shipment was largely driven by a sharp fall in export of cut and polished diamonds at almost \$19.99 billion as against \$23.16 billion in 2014-15 (a fall of 7.5 percent). In rupee terms, however, the slump was 13.7 percent to ₹1.31 lakh crore, from ₹1.41 lakh crore the previous year. The decline was partly compensated by a sharp upsurge in export of gold medallions and coins, and silver jewellery. The former jumped 84 percent to \$5.2 billion (₹34,243 crore) and of silver jewellery by 44.2 percent to almost \$3 billion (₹19,407 crore) from \$2.1 billion (₹12,569 crore) the previous year (Source: CARE Report). The details for the past three years and six months Fiscal 2017 are as mentioned below:-

Particulars	(US\$ in bn)			
	Fiscal 2014 (Actual)	Fiscal 2015 (Actual)	Fiscal 2016 (Actual)	Six months ended June 30, 2017 (Provisional)
Cut & Polished diamonds ("CPD")	24.29	23.16	19.99	11.69
Gold Jewellery, Medallions & Coins	6.53	12.74	13.84	4.04
Rough diamonds	1.58	1.42	1.16	0.73
Others	7.19	2.66	3.59	5.19
<b>Gross exports</b>	<b>40.23</b>	<b>39.98</b>	<b>38.59</b>	<b>21.75</b>
Return consignment	5.25	3.76	6.61	3.91
<b>Net Exports</b>	<b>34.99</b>	<b>36.22</b>	<b>31.98</b>	<b>17.84</b>

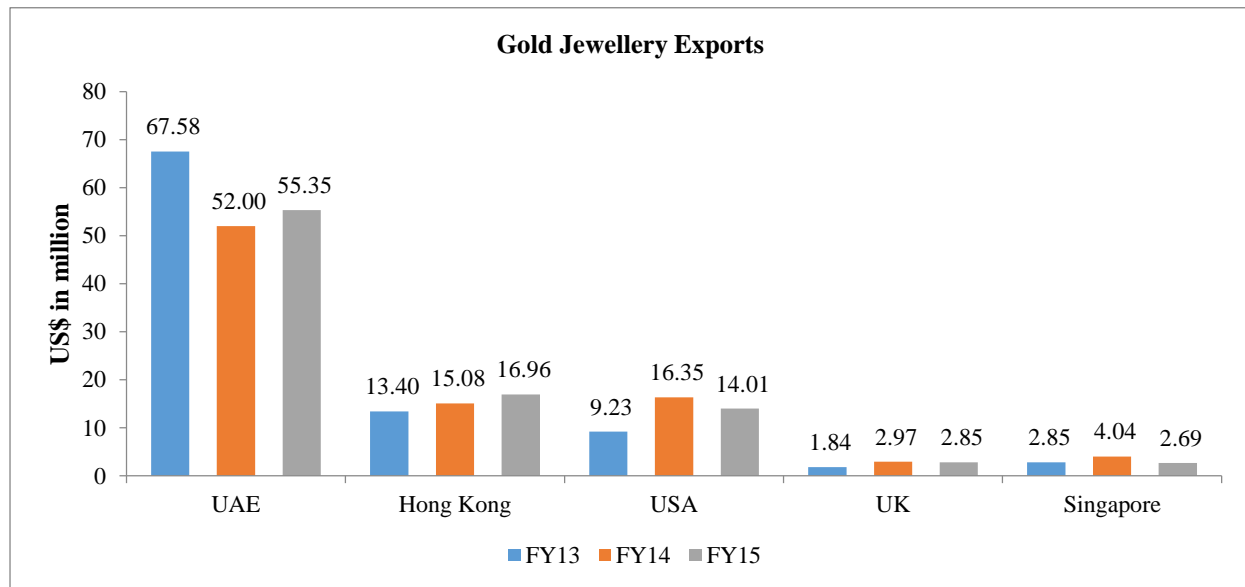
(Source: GJEPC, CARE Report)

Exports market grew at 14.43% in six months ended June 30, 2017 in comparison to six months ended June 30, 2016 mainly on account of picking up demand in markets like US, led by an increase in the Cut & Polished



Diamond segment. However, the shipments of gold jewellery contracted by 26% during the period. (Source: CARE Report)

The export markets for the Indian gold jewellery segment are UAE, Hong Kong, USA, UK, Singapore, Bahrain, Australia, Canada, Malaysia, Kuwait and others (Source: CARE Report). Among the export markets, the top three countries contributed 90%, 83% & 86% in Fiscal 2013, Fiscal 2014 & Fiscal 2015 respectively; as depicted below-



(Source: CARE Report)

#### Imports

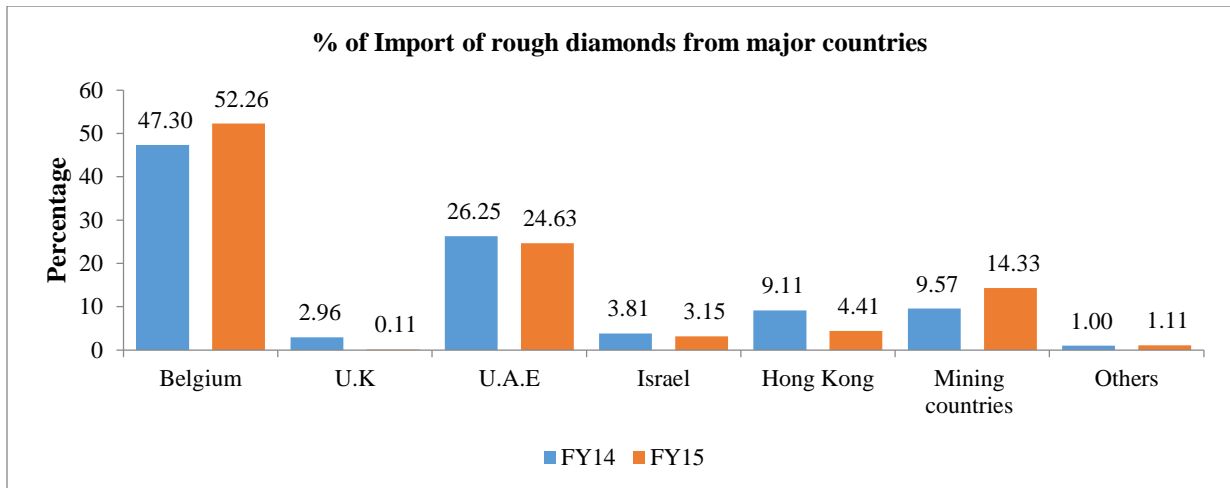
During Fiscal 2016, import of rough diamonds dropped in India in line with weaker exports on account of weak international demand, high rough diamond prices and high inventory holding by manufactures. Rough diamond imports reduced by 16.17% in Fiscal 2016 to USD 14.04 billion compared to USD 16.75 billion in Fiscal 2015, mirroring the fall in India's export of polished diamonds. Imports of polished diamonds slumped nearly 58.28% to USD 2.77 billion. (Source: CARE Report). The details of Import of raw materials for Gems and Jewellery sector are as follows:

(US\$ billion.)

Particulars	Fiscal 2014 (Actual)	Fiscal 2015 (Actual)	Fiscal 2016 (Provisional)
Rough diamonds	16.72	16.75	14.04
Gold bar	5.59	5.40	4.12
Cut & Polished diamonds	6.54	6.64	2.77
Others	1.76	2.53	3.36
<b>Total</b>	<b>31.07</b>	<b>31.34</b>	<b>24.30</b>

(Source: GJEPC, CARE Report)

The overall gross imports of gems and jewellery in Fiscal 2016 stood at US\$24.30 billion (Source: CARE Report). The percentage of imports of rough diamonds from various countries is as mentioned below:

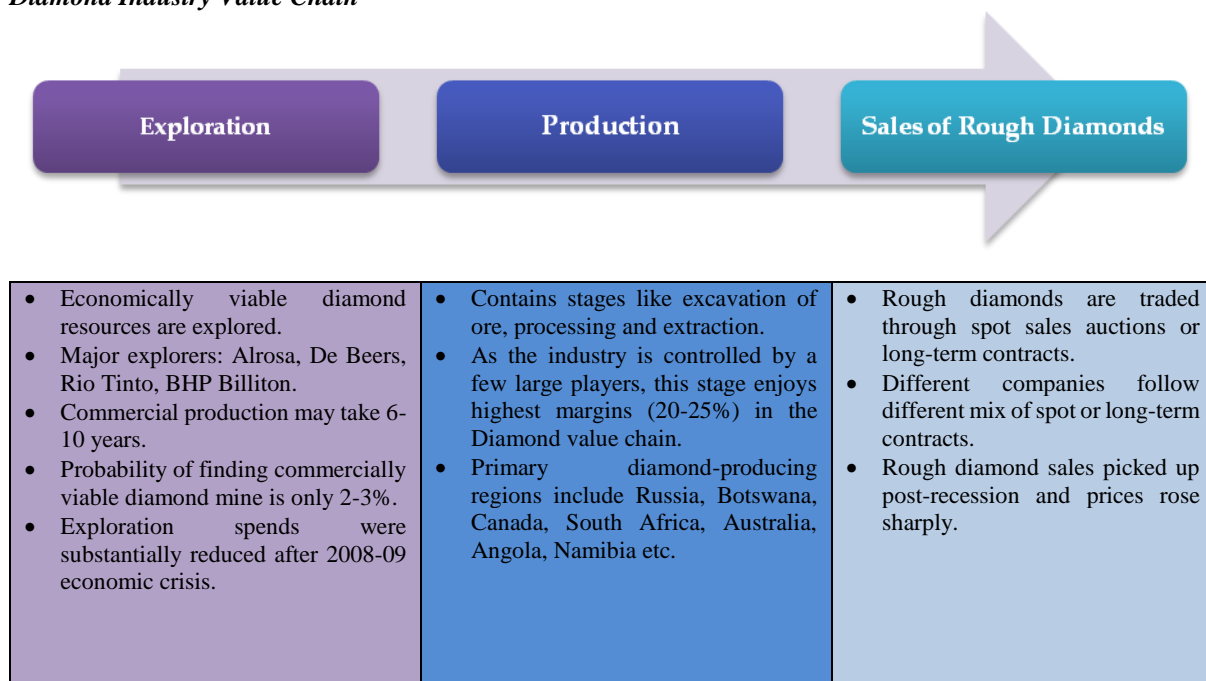


(Source: GJEPC, CARE Report)

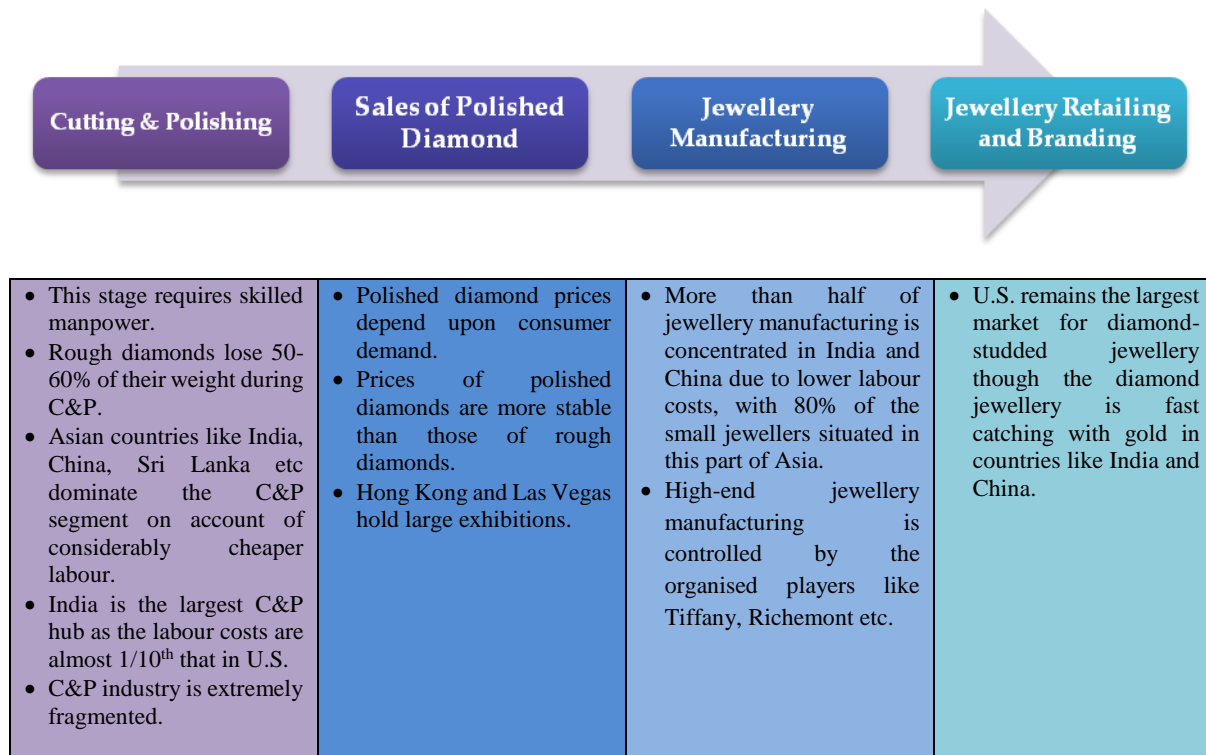
### Value Chain Analysis

India has very limited access to gold and diamond mines domestically and a significant proportion is imported every year. India imports rough diamonds in huge quantities which are then cut and polished and are exported back generating huge value addition. Some of these polished diamonds are used in manufacturing jewellery again for both local and international markets. Gold is also imported, refined and fabricated into fine jewellery primarily for local consumption but is also exported to the Middle East, US and Europe. Jewellery retail is still evolving and more and more people are choosing branded products given demographic transformation.

### Diamond Industry Value Chain

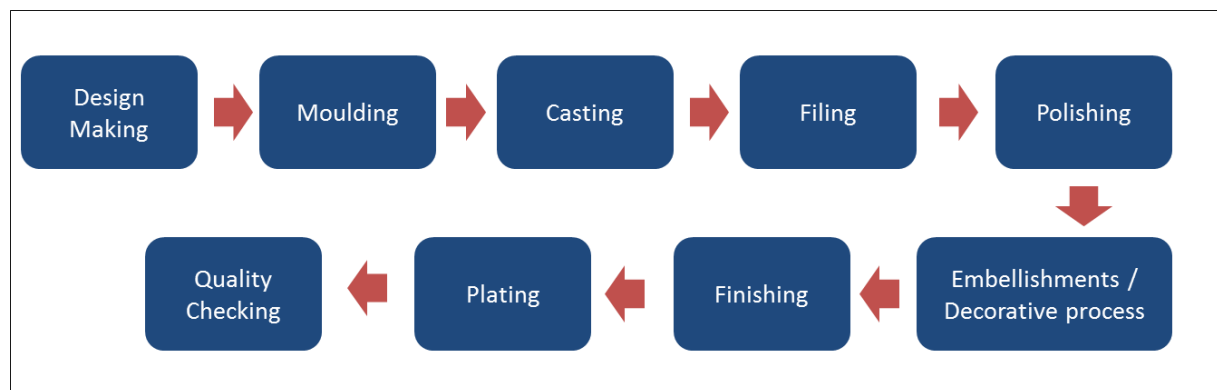


(Source: CARE Report)



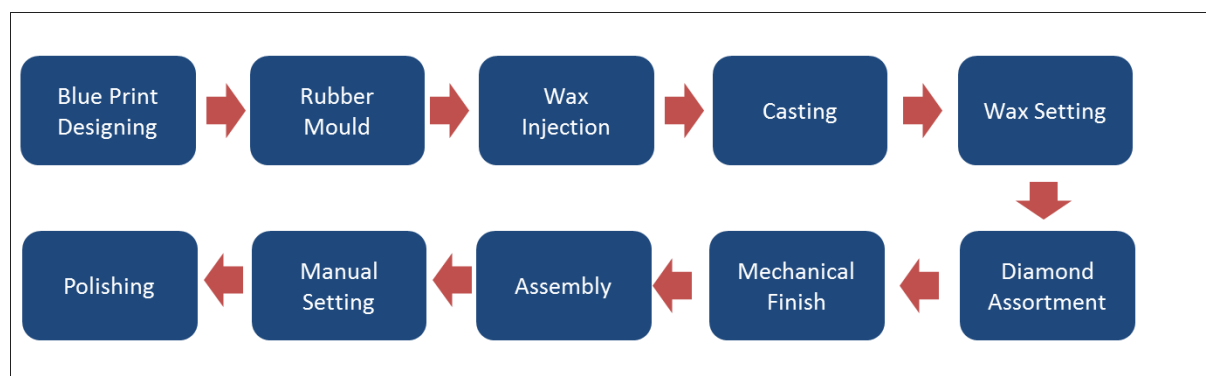
(Source: CARE Report)

### Manufacturing of Gold Jewellery



(Source: CARE Report)

### Manufacturing of Diamond / Studded Jewellery



(Source: CARE Report)

### ***Certification and Hallmarking***

The Government of India has been protecting consumers from adulterated and sub-standard quality of gold by introducing the Hallmarking Scheme through the Bureau of Indian Standards (“BIS”). At present, there are over 399 BIS-recognized assaying and hallmarking centers in India. Consumers have become more informed about the quality and certification of gold jewellery and are now insisting for certification. In January 2012 the Government of India has proposed to make hallmarking gold jewellery for quality control, mandatory. This would provide a boost to the growth of organized retailers.

With increased consumer awareness and demand for branded jewellery, there is increase in requirement for authoritative diamond grading and certification from reputed bodies. The diamond certification business has gone up in the country in the last few years, which has attracted many foreign gemological institutes to set up their offices in Mumbai, Surat and Delhi. Diamonds are typically priced by their actual quality grade, according to the Clarity, Colour, Cut and Carat weight (4Cs) and other factors. Unless a diamond is graded from a respected laboratory one will have little financial interest in the diamond and will also remain unsure about whether he is buying the right quality.

The Indian Diamond Institute (IDI-Surat), Gemological Institute of India (GII- Mumbai.) and The Gemological India Enterprise (GIE-New Delhi) have been the Indian institutes for certifications. Of late, the jewellery retailers and traders have also started testing their polished stones with foreign laboratories like Gemological Institute of America (GIA), International Gemological Institute (IGI).

### ***Branding***

Traditionally, gold jewellery in India has been purchased because of its investment value along with aesthetic value, unlike in foreign countries 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 investment. Even the organized retailers in the sector have focused on advertisements by appointing celebrities to endorse products, organizing fashion shows and exhibitions to promote growth. All these efforts will lead to a much higher growth in the branded and therefore organized jewellery market.

### ***Changing Trends in the Indian Market towards Gold and Jewellery Sector***

<b>Traditional Practice</b>	<b>Emerging Trend</b>
Gold jewellery consumption emanates from traditional and investment-related demand.	It is regarded as a fashion accessory by the growing young population.
Demand peaks during weddings and festival seasons.	Weddings & Festivals still remain the main demand drivers but jewellery use for regular wearing and gifting has evened out the demand throughout the year.
Consumption of pure gold (22 Karat)-preferred. Traditional & ethnic designs preferred.	Lower karatage & light-weight jewellery preferred. Trend is more towards fashionable and contemporary designs.
Purchase from unorganized family jewellers dominated. Hence the industry lacked transparency.	Growing preference for brands, retail stores & e-retailing. Introduction of hallmarking & certifications.
Pre-dominance of gold (yellow)-based jewellery.	Acceptance of white gold, platinum and diamond-studded jewellery. Even imitation jewellery is gaining acceptance.
Jewellery largely sold on prevailing gold price, per gram, plus labour charges.	Branded players sell on a fixed-price basis.

(Source: CARE Report)

### ***Growth Prospects for Domestic Gems and Jewellery in India***

#### ***Demand Drivers for Gold Jewellery***

*Gold as a part of Indian tradition*

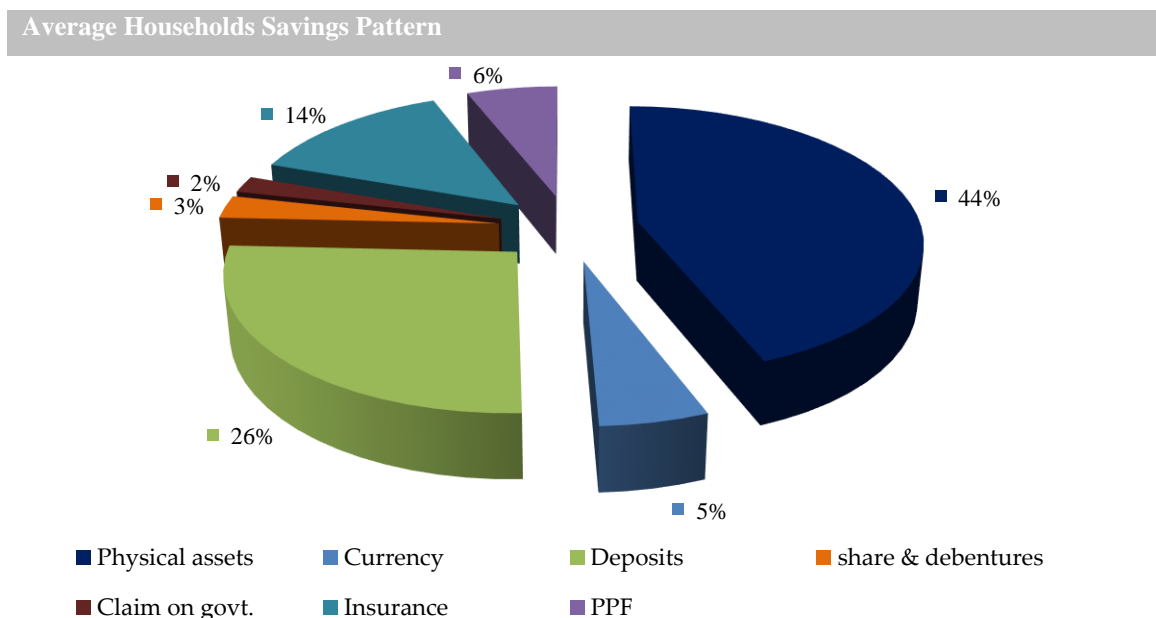
Traditionally gold jewellery has been an important part of Indian culture. The demand for gold jewellery is driven by festivals and weddings. As per Indian tradition, buying gold is considered auspicious on days like Dhanteras. In marriages, gold jewellery is a preferred gift given by the family of the bride and the groom. About 60% of the Indian jewellery market is contributed by rural India. Gold jewellery is popular among farmers and an upsurge in gold demand is typically seen after a good harvest season. On an average, India consumes about 800-850 tonnes of gold annually, majority of which is imported.

#### *Important Savings and Investment Channel*

Apart from cultural and social significance, gold is also valued as an important savings and investment vehicle in India, second only to bank deposits. People in rural India have very few savings options and make it a point to save or invest their money in gold given that gold is highly portable, holds its value well, in times of uncertainty and can be easily converted to cash either through sale or for loan guarantees. More importantly, it has been observed that gold acts as a natural hedge against inflation. Gold is easily available throughout India and can be used for dual purpose of investment as well as jewellery. Also, other asset classes like equities are too complicated and volatile, whereas real estate requires an investment which is too high for an average household in India. Gold is a simpler alternative and can be bought in smaller denominations. As gold can be bought in smaller denominations, investment in gold is a common saving strategy for Indian households. Investing in gold is matter of culture and is a value instilled in Indians from very early on.

#### *Rising income, urbanization and increasing savings levels*

Being one of the youngest nations in the world, India is poised for a steady economic growth. According to United Nations, 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. 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% which only helps in further demand for gold since gold and silver are the traditional saving options. The average investment pattern of savings in India is follows:



(Source: CARE Report)

Further, increasing education levels among women has increased the percentage of women in the workforce in India, thereby increasing influence on purchasing decisions. Further, increase in disposable income in the hands of working couples and changing lifestyles have contributed to the demand for diamond jewellery.

The median age in the country is 26.2 years, one of the lowest in the world compared to 36.9 years in US, 44.8 years in Japan and 35.5 years in China. With rising young and urban population in the country combined with the higher growth rate of GDP, there would be an increase in the annual disposable income with the people. Also, the enhanced efforts on quality certifications for gold have helped in removing the malpractices in the industry, moving towards global standards (*Source: CARE Report*).

#### *Low-cost and highly-skilled labour advantage in the country*

The gems and jewellery industry is highly labour intensive, employs between 3.2 million to 3.4 million people directly or indirectly. It has highly skilled and low-cost manpower with a vast traditional knowledge and expertise in jewellery-making, which provides a huge fillip to the growth of the gems and jewellery industry. India has well-established capabilities in making hand-made jewellery in traditional as well as modern designs. Indian hand-made jewellery has a large ethnic demand in various countries with a high Indian population like the Middle East, USA and Canada. With traditional hand-made jewellery, India has also progressed in using the latest technologies in diamond-processing and jewellery-making.

Jewellery-making, diamond polishing and setting are high skilled jobs. Although, machines are required to complete some part of the work, the processing is essentially labour intensive. India, with its availability of low-cost skilled labour is in an ideal position to deliver products of good design and quality. India is, therefore, the largest country for diamond processing and gold manufacturing in the world.

#### ***Demand Drivers for Diamond Jewellery***

Demand for diamond jewellery in India has not only increased due to changes in consumer preferences and increase in income levels but also because of rising gold prices and increasing cost effectiveness of diamonds as India is a low cost diamond processing hub.

#### *Increasing acceptability of diamond jewellery*

Traditionally, jewellery industry in India mainly comprised jewellery made from gold, as there were misconceptions and myths associated with diamonds of being unlucky. This is changing with an increased acceptance of diamond jewellery in the domestic markets. Also, diamond jewellery is increasingly accepted for weddings and engagement especially bridal jewellery.

#### *Diamond as a fashion statement*

Diamond jewellery is increasingly contributing to the changing fashion trends of the high class and middle class society of India, to differentiate them from other people. Diamond demand has also been benefited by increasing exposure to glamorous and fashionable world.

#### *Increased Marketing*

De Beers constantly works towards promoting the diamond jewellery market worldwide including India and has launched flagship brands in local markets, after intensive consumer research. Based on their market research and analysis, brands are introduced, nurtured and then handed over to its promoter partners to run. This brings awareness among people and induces them to buy diamond.

#### ***Challenges faced by the Gems and Jewellery Sector***

##### *Dependence on import for key raw materials*

Indigenous availability of raw material plays a crucial role in the growth of any industry. In India 90 percent of raw material is imported and its supply is limited. Rough diamonds as raw material account for more than 50 percent of imports. The top four diamond mining companies account for approximately 70 percent of total rough diamonds mined globally and can potentially control their prices. These rough diamonds are cut, polished and



exported. India imports rough diamonds mainly from Africa, Belgium, the UK, Israel and the UAE, while gold jewellery is imported from Switzerland, South Africa, the UAE and Australia. Raw pearls and, precious and semi-precious stones are imported from Belgium, the UK and Hong Kong etc. Europe has become the largest importing destination of raw material for Indian gems and jewellery industry. The sector being hugely dependent on imported raw material and exports giving fewer earnings in foreign exchange presents a concern. (Source: CARE Report)

#### *Feeble demand for polished diamonds during last two years*

Except for steady growth in demand from USA, the demand for diamond jewellery in many other key markets such as China/Hong Kong, Japan, the Middle East and India has been largely stagnant. Export of CPD to Hong Kong (India's largest market for polished diamonds) declined by 14% year on year to USD 7.8 billion in Fiscal 2016 on account of slowdown in Chinese economy which adversely impacted consumer's discretionary spending towards luxury goods. Further, diamond jewellery also faces intense competition from other luxury goods category which is a challenge. (Source: CARE Report)

#### *Competition Threats*

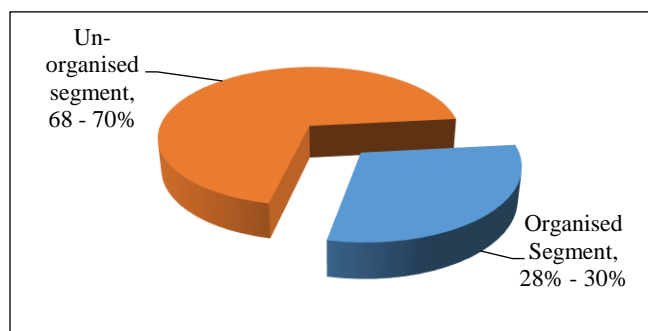
India presently enjoys dominance in the world's cut and polished diamonds market. However, in the long run China is expected to emerge as a major rival on account of similar qualities like cheap economic labour, infrastructure and technology.

#### *Highly Regulated Sector*

Import duties on gold have often been raised (currently 10%) to align with the overall economic interest of the nation, with gold imports being a key contributor to the nation's current account deficit.

#### *Retail Jewellery Segment*

Gold jewellery makes up for 80% of the ₹ 300,000 crore gems and jewellery market of India during CY 2015. The organized segment accounts for almost 28% - 30% while the unorganized one; primarily comprising local and independent stores, makes up for balance of the retail gems and jewellery market. Jewellery in India is retailed mainly through single stores, shop-in-shops, regional stores and national stores. The purchase of jewellery is largely based on trust exhibited by customers.



(Source: CARE Report)

India's organized gems and jewellery retail market has been growing at a much faster pace in recent years than the unorganized one, since gold trade was liberalized with the scrapping of the Gold Control Act in 1990. Further the domestic gold jewellery industry to record a robust growth about 15 percent over the medium to long-term, aided by the growing penetration of the organized sector. Purity of the precious metal and beautiful designs have been drawing more and more customers to organized players, while soaring income levels, rapid urbanization, rise in the number of working women and brightening economic growth prospects will continue to attract people to buy gold.

Organized retailers are expected to continue to gain market share at the expense of unorganized players by expanding in to Tier – II/ III markets which are expected to be the major growth drivers of domestic gold jewellery. Compulsory hallmarking of jewellery is also expected to aid the organized retailers. Further, organized retailers, having strong financial strength, provide a whole new shopping experience for customers through the ambience

of their stores, range of product, quality and trust factor leading to rising demand for branded jewellery. (Source: CARE Report)

### ***Branded Jewellery***

Jewellery companies seek to strengthen and differentiate its brands through unique, distinctive designs. With the growth in the branded jewellery segment, small artisans would face hard time as they lack marketing muscle present with the large jewellery groups. The growth is primarily driven by young consumers who are generally brand conscious, emerging market consumers for whom established brands inspire trust and a sense of upgraded lifestyle. Further the gradual shift in jewellery retailing from the traditional way of retailing to the modern, organized way of marketing – both online and offline has attracted private equity firms as well.

### ***Online Jewellery Market Place***

The growing e-commerce market has been challenging all conventional modes of business recently, unlike old times where buying jewellery traditionally means a visit to the trusted family jeweler, moreover the perception of the consumers to buy expensive items from brick-and-mortar stores, which are perceived as more reliable and which provide the opportunity to touch and feel the merchandise. Despite that, the growth in the online space has compelled the top jewellery houses to modify as per the changing trends; thereby jewellery houses are seen tying up with online service providers, namely Amazon, Flipkart, Ebay and others. The rationale for this is the change seen in the consumer behavior over the years especially that of young Indian women, who are exposed to global trends and are increasingly shopping online. Due to comfort and convenience for shoppers along with giving the considerable time to decide and not making it obligatory to purchase at the visit; the online jewellery market is projected to grow leaps and bounds.

With increasing focus on e-commerce, jewellery manufacturers are using digital media as a platform for conveying information, shaping brand identity, and building customer relationships. Jewellery players might consider focusing on mono- brand retail, which gives them more control over their brands, closer contact with consumers, and better operational efficiency. However online retailing does have its share of challenges and established retailers need to adapt their business to emerging e-commerce trends, while new entrants need to establish credibility and reputation. Many online players have adapted offering a try-at-home service, where customers can select pieces to see them at home before purchasing them. According to industry news, the Indian online jewellery market is estimated to be USD 150 million in FY2015, forming about 0.35% of the domestic market size. However, the market is growing at a high growth rate. Online retail is estimated to grow at a faster rate than organized retail largely due to base effect, convenience and young buyers open to experience new buying trends.

Further, a growing e-commerce market and change in customer behavior are also envisaged to augur well for jewelers who have tied up with major e-commerce entities.

### ***Competitive Landscape***

Traditionally, the Indian gems and jewellery industry was highly fragmented with consumers typically buying from their family jewellers. However, in the last decade the industry has undergone a structural change and more gems and jewellery players are moving up the value chain towards an increasing focus for branded jewellery. Jewellery retailing is not only high margin and lucrative but is also largely untapped in India, thereby offering a huge upside. Due to rising gold prices, plain gold jewellery is losing ground to diamond jewellery. Further, jewellers have also launched low-value low-priced diamonds targeted at the working woman, as well as the bridal segment which further fuel demand. Increased off-take in diamonds and other precious stone jewellery, serves well for jewellers, since margins on these products are higher.

The market is hugely underpenetrated and there is ample scope for all new entrants. Given rising media and western influences people are more inclined towards branded jewellery and are willing to pay a premium for the same. In the past few years, many domestic companies have opened gems and jewellery specialty stores in India to meet the changing taste of local populace and have also opened stores abroad to serve the Indian diaspora in the countries where demand for traditional Indian crafted jewellery is high. There are lot of medium sized boutique jewellery outlets that specialize in customized jewellery, some of the largest players in terms of size of operations for Fiscal 2016 in the branded jewellery segment across India are as depicted below,

Company Name	Turnover (Rs. Cr.)	PBIDT Margin (%)	PAT Margin (%)	Operating Cycle – Day(s)
Titan Company Limited – Jewellery Division	8,707.98	9.01	N.A.	N.A.
Gitanjali Gems Limited	8,603.63	5.26	0.57	254
PC Jeweller Limited	7,259.07	10.77	5.52	112
TBZ Limited	1,654.78	2.99	(1.40%)	223
Renaissance Jewellery Limited	1,142.90	4.65	2.93	97

(Source: CARE Report)

### Government Initiatives

- The Reserve Bank of India has announced norms for gold monetization scheme, which allows individuals, trusts and mutual funds to deposit gold with banks in return for interest, to help reduce gold imports and alleviate pressure on trade balance.
- The Union Cabinet also approved the introduction of Sovereign Gold Bond Scheme, under which gold bonds denominated in grams of gold will be issued to individuals by the RBI, in consultation with Ministry of Finance.
- The RBI has liberalized gold import norms. With this, star and premier export houses can import the commodity, while banks and nominated agencies can offer gold for domestic use as loans to bullion traders and jewellers.
- India has signed a Memorandum of Understanding with Russia to source data on diamond trade between the two countries. According to the CARE Report, India is the top global processor of diamonds, while Russia is the largest rough diamond producer. Further, Government of India is planning to establish a special zone with tax benefits for diamond import and trading in Mumbai, in an effort to develop the city as a rival to Antwerp and Dubai, which are currently the top trading hubs for diamond. (Source: CARE Report)
- Due to shortage of skilled manpower, the Gems and Jewellery Skill Council of India is planning to train over four million people till 2022. The council plans to tie-up with the existing training institutes including Gemological Institute of America and Indian Gemological Institute, along with setting up of new institutes in major diamond cutting and processing centres. (Source: CARE Report)
- The GJEPC has also proposed to develop a jewellery park on Thane-Belapur Road which is approximately five kilometers from Mumbai with a view to boost the Mumbai-based jewellery industry by providing modern facilities and services.
- Indian Institute of Gems & Jewellery Mumbai, a project of the Gem & Jewellery Export Promotion Council of India, has come-up with three-year Graduate Program in Jewellery Design & Manufacturing Techniques with an introduction to Management studies in collaboration with Welingkar Institute of Management.
- In September 2015, the Government of India approved the gold monetization plan in the form of revamped Gold Deposit Scheme and the Gold Metal Loan Scheme to mobilize tonnes of gold stored in households and temples across the country.

(Source: CARE Report)

The recent announcement by the Government of India with regards to proposed amendments to the Income tax act; whereby there will be no seizure of gold jewellery and ornaments to the extent of 500 grams per married lady, 250 grams per unmarried lady and 100 grams per male member of family. Further the proposed amendments also do not seek to tax inherited gold and jewellery as also those items that are purchased through disclosed or agricultural income, Central Board of Direct Taxes, the apex direct taxes body.

Excise Duty	Imposition of 1% excise duty without input tax credit or 12.5% with input tax credit on articles of jewellery (which excludes silver jewellery, other than studded with diamonds and some other precious stones).
Documentation	Mandatory furnishing of PAN card for gold jewellery transactions above Rs. 200,000 from the earlier level of Rs. 500,000.
Gold Monetization Scheme	Introduction of Gold Monetization Scheme, as a replacement for Gold Deposit and Gold Metal Loan Schemes. This shall allow depositors of gold earn interest in their metal accounts and jewelers to obtain loans in their metal accounts. The move shall further trim imports and alleviate pressure on trade balance.
Sovereign Gold Bond Scheme	In consultation with the Ministry of Finance, the Union Cabinet also approved an introduction of Sovereign Gold Bond Scheme, which would allow issuance of gold bonds in denominations of grams by RBI.

MoU between India and Russia	A Memorandum of Understanding between India (a leading global processor of diamonds) and Russia (the largest producer of rough diamonds) to source data on diamond trade between two countries.
Foreign Direct Investment (FDI)	The Government of India has viewed the sector as a thrust area for export promotion. The Indian government presently allows 100% Foreign Direct Investment in the sector through the automatic route.

(Source: CARE Report)

### ***Impact of Demonetization of ₹ 500 and ₹ 1,000 currency on Gem & Jewellery Industry***

#### ***Gold***

The demonetization program initiated by the Government of India is likely to adversely impact consumer spending on discretionary/ luxury items and domestic demand for gems and jewellery is expected to be muted in the near to medium term. Although declaration of PAN had become mandatory for purchases above Rs. 200,000 still lot of small ticket gold/jewellery purchase in India was being undertaken on cash-basis (especially in the backdrop of the fact that more than 60% of the demand is estimated to originate from rural India). Further, there was a brief spike in demand witnessed soon after the news of implementation of demonetization; however, medium-term slowdown in demand for jewellery is expected, with the smaller jewellery retailers in the unorganized sector being the most impacted. Further, in the long-run, the move could turn out to be positive for organized jewellery retailers as they would benefit from a more level-playing field.

Further, the demonetization of high value Indian currency may not impact the CPD industry in a big way especially as the major market for polished diamonds lies outside India. Also, larger organized sector players in the industry undertake most of their purchase and sales transactions in US Dollars; with mainly employee expenses required to be paid in Indian Rupee. However, it is expected that small and mid-size diamond polishing firms having main presence in the local trade could be impacted. (Source: CARE Report)

## OUR BUSINESS







### Overview

We are an established pan-India player in the organized jewellery market in India, according to the CARE Report. We are an integrated player with a focus on manufacture and distribution of branded studded jewellery, gold jewellery and other jewellery products in India and overseas. We offer a wide range of branded jewellery, across various price points and tailored for different occasions and target customers, under the brands Nakshatra, Gili, Asmi, Sangini, Diya, Parineeta and Rivaaz. Each of our brands has been uniquely positioned to appeal to our diverse customer base.

As of September 30, 2016, our distribution network spread across 290 cities and towns in India, with more than 1,644 POS, through our distributors, 329 SIS and 61 stores, which includes 49 franchisee operated stores and 12 stores which are owned and operated by us. We also have 890 overseas POS located across China, Singapore, Thailand, Malaysia, Indonesia, United Arab Emirates, Saudi Arabia and Qatar. We also export studded and gold jewellery to international distributors in Dubai and Hong Kong, for distribution to retailers, including in Singapore, Indonesia, Malaysia, Thailand, United Arab Emirates, Saudi Arabia and Qatar. In terms of our geographic spread across India, we have a strong presence in the eastern and western parts of India, with 39% of our POS being located in the eastern region (comprising cities and towns such as Kolkata, Patna, Ranchi, Cuttack, Guwahati, Gaya and Siliguri) while 35% of our POS are located in the western region (comprising cities and towns such as Mumbai, Aurangabad, Nagpur, Jaipur, Bikaner and Solapur). Given the size, diversity and nature of the Indian jewellery market, we have created an omni-channel distribution network, across company owned stores, franchisees, retailers, through distributors, SIS in departmental stores, airports, malls and other high footfall areas. In addition to the sale of jewellery through our distributors, SIS and stores, we also sell gold and diamond jewellery through digital channels and online sales on our website and through other aggregators.

We have eight manufacturing units, two located in Mumbai, one in Jaipur, one in Surat and four in Hyderabad, with our manufacturing units at Hyderabad and Surat being located in SEZs. To support our distribution network, we have an in-house design team. We have a total design bank of 12,868 active stock keeping units (“SKUs”), of which approximately 4,000 new designs are churned every year by our in-house design team. We provide quality certificates, issued by independent valuers, on all our jewellery.

The following table illustrates our brands and their design concepts, in terms of styling, from classic to fashion brands:

Brand/ Logo	Design Concept
	Play of seven stone cluster, with or without colour stones.
	Low-weight classic and contemporary designs.
	Play of curves, which symbolizes the fire within, in more modern designs.
	Mainly traditional designs.
	Heavy pieces that are a unique blend of ‘conventional’ and ‘contemporary’ designs, crafted intricately.
	White sapphires with coloured stones exquisitely crafted in gold.

Brand/ Logo	Design Concept
<b>RIVAAZ</b>	The brand offers unique and delicate designs with an impeccable finish and a high wearable quotient in fashion jewellery.

We acquired the brands ‘Gili’, ‘Nakshatra’, ‘Asmi’, ‘Sangini’, and ‘Parineeta’ in 2011, and ‘Diya’ in 2016. Various celebrities such as Lara Dutta, Ankita Shorey and Mahesh Bhupathi are brand ambassadors for our brands.

We are promoted by Mr. Mehul Choksi and GGL. GGL, the flagship company of the Gitanjali group, is a leading integrated jewellery manufacturing and retailing player that was established in 1986. GGL has been listed on the Indian stock exchanges since 2006. The Gili brand was launched in 1994 and was introduced in Shoppers Stop, as a modern retail outlet (i.e., an exclusive SIS store) in a departmental store in the same year. Due to the success of the branded jewellery concept in India, the Gitanjali group in collaboration with The Diamond Trading Company Limited (“DTC”), the marketing arm of De Beers S.A., launched three brands i.e., Nakshatra in 2000, Asmi in 2002 and Sangini in 2004, to promote diamond jewellery in India. Between 2006 and 2008, the Gitanjali group acquired these brands from DTC and further invested in their brand building and distribution network.

As a result of our customer-focused initiatives, our business has grown significantly in recent years. Our revenue from operations recorded in Fiscal 2014, 2015 and 2016 and the six months ended September 30, 2016 aggregated to ₹ 36,365.99 million, ₹ 45,483.40 million, ₹ 59,843.08 million and ₹ 40,000.69 million, respectively. Our net profit before minority interest was ₹ 153.65 million, ₹ 162.22 million, ₹ 800.25 million and ₹ 736.76 million, respectively, for the same period. Our revenue from operations has increased at a CAGR of 28.28% from ₹ 36,365.99 million in Fiscal 2014 to ₹ 59,843.08 million in Fiscal 2016, and our net profit before minority interest has increased at a CAGR of 128.22% from ₹ 153.65 million in Fiscal 2014 to ₹ 800.25 million in Fiscal 2016, respectively, for the same period. In Fiscal 2014, 2015 and 2016 and the six months ended September 30, 2016, our revenue from jewellery exported accounted for 21.92%, 27.60%, 46.65% and 62.07%, respectively, of our total revenue from operations.

## Competitive Strengths

### *Established brands in the organised Indian jewellery market.*

We are an established pan-India player in the organized jewellery market. Over the years, we have acquired and also created several brands which have become recognized names in the Indian jewellery market. We offer a wide range of differentiated jewellery, across price points and for different occasions and target customers, under the brands Nakshatra, Gili, Asmi, Sangini, Diya, Parineeta and Rivaaz. For example, Nakshatra and Parineeta are our luxury brands while Sangini, Rivaaz and Diya are targeted to the masses. Similarly, in terms of styling, we position Asmi and Gili as contemporary brands while Nakshatra and Parineeta are classic brands. Gili was accorded ‘Superbrand’ status in 2004 and Nakshatra was accorded ‘Superbrand’ status in 2004 and 2009.

Our key brands, Nakshatra, Gili, Asmi and Sangini are well established and have been developed over a period of time by strategic brand building efforts. We believe that our focus on quality, craftsmanship and original designs, together with our targeted marketing and customer service, has contributed to our strong brand recognition and customer loyalty. Various celebrities such as Lara Dutta, Ankita Shorey and Mahesh Bhupathi are brand ambassadors for our various targeted brand propositions.

### *Extensive distribution network.*

We have an extensive distribution network across India and overseas which is designed to be more scalable and more cost-efficient, through the growth of our distribution network, including our company owned and operated stores, SIS stores and franchised stores. We follow the distribution model wherein we appoint regional distributors who further supply jewellery to local jewellers in their region. Our distribution model is designed to benefit from the Indian jewellery sector’s transition from a traditional and largely unorganised market to a modern, more organised market that includes branded products being sold to differentiated customer segments via multiple distribution channels, ranging from brick and mortar stores to digital channels. This model has allowed us to reach to 290 cities and towns across India and cater to a large customer base. As of September 30, 2016 more than 1,644 POS through our distributors, 329 SIS and 61 stores, which includes 49 franchisee operated stores and 12 stores which are owned and operated by us. We also have 890 overseas POS located across China, Singapore, Thailand,



Malaysia, Indonesia, United Arab Emirates, Saudi Arabia and Qatar. We also export studded and gold jewellery to international distributors in Dubai and Hong Kong, for distribution to retailers, including in Singapore, Indonesia, Malaysia, Thailand, United Arab Emirates, Saudi Arabia and Qatar. In terms of our geographic spread across India, we have a strong presence in the eastern and western parts of India, with 39% of our POS being located in the eastern region while 35% of our POS are located in the western region.

The robustness of our business model is illustrated in our strong financial and operational growth over the years. Our revenue from operations has increased at a CAGR of 28.28% from ₹ 36,365.99 million in Fiscal 2014 to ₹ 59,843.08 million in Fiscal 2016 and our net profit before minority interest has increased at a CAGR of 128.22% from ₹ 153.65 million in Fiscal 2014 to ₹ 800.25 million in Fiscal 2016, respectively, for the same period

***Vertically integrated operations resulting in operational efficiencies and effective inventory and risk management.***

Our operations include manufacturing and distribution of branded jewellery, which provide us with several competitive advantages, including the ability to:

- adjust our manufacturing and product range to address shifts in customer preferences and changes in demand;
- offer customized designs to our customers;
- exercise greater control over the quality of our raw materials as well as our manufactured products;
- implement efficient and flexible inventory management due to our large distribution network which facilitates a rotation of stock every three to six months thereby helping to reduce our finished inventory holding period;
- ensure minimal work-in-process time by ensuring a smooth supply chain;
- gather and maintain market intelligence on manufacturing costs and design trends;
- be present at all levels of the value chain, which allows for supply chain efficiencies and overall operational synergies; and
- scale up our operations at lower costs.

We have developed an in-house marketing team that conducts customer feedback surveys, and identifies customer preferences and studies customer trends. We also have eight manufacturing units located at Mumbai, Hyderabad, Surat and Jaipur, equipped with modern equipment for jewellery manufacture. Our substantial manufacturing capabilities enable us to control costs, increase profitability and establish a competitive advantage over competitors that do not have own production facilities.

***Experience of our Promoters and strong management.***

Our Promoters, being involved in the jewellery business in India for more than three decades, have an established track record and extensive experience in the industry. Our corporate Promoter, GGL has sales and distribution across India as well as some of the larger global jewellery markets like USA, Japan, Middle East and China. We are able to access market opportunities and implement our growth strategies and serve a broad spectrum of customer needs by leveraging GGL's customer insights into differing regional preferences and international presence. We also leverage GGL's manufacturing and designing strengths to constantly innovate and cater to the evolving customer trends across the jewellery industry. Our Promoters are actively involved in our operations and bring to our Company, their vision and leadership, which we believe has been instrumental in sustaining our business operations.

In the past, we have relied on capital contributions by our Promoters, shareholders and borrowings from related parties as well as financial support in the form of guarantees by our Promoters in relation to our borrowings. We also source diamonds required for the manufacture of our jewellery, from our Promoter, GGL.

Our founder Promoter and the Chairman and Managing Director of our Company, Mr. Mehul Choksi, has over three decades of experience and is well known in the jewellery industry. He is also the chairman and managing director of our corporate Promoter, GGL. Mr. Mehul Choksi has won various awards such as the Rajiv Gandhi



Award in 2008, the Rotary Award for Professional Excellence in 2008 and the CSR Leadership Award in 2012. In addition to our Chairman and Managing Director, we have a dedicated management team, who are responsible for the overall strategic planning and business development of our Company. Mr. Kapil Khandelwal is our Chief Financial Officer, Mr. Saurav Bhattacharya is our President – Sales and Marketing of our Company, Mr. Rajesh Londhe is our the General Manager, Production and Ms. Alpa Talsania is our Senior Vice President, Inventory and Logistics. See “*Our Management – Key Management Personnel*” on page 156.

## **Our Strategies**

Our strategic intent is to leverage upon our business model and our competitive strengths to build brands and products that offer quality, trust and value to customers. We plan to achieve this by implementing the following strategies:

### ***Better control in distribution with focus on modern retail format stores.***

We believe that continuing to expand our distribution network will further consolidate our position in the Indian jewellery market. Our distribution network across India and overseas is designed to be more scalable and cost-efficient, as compared to a model which is reliant on the concept of owned stores, which require heavy operational expenditure. We seek to continue to grow our distribution network, with a focus on increasing our presence in the modern retail format stores, in order to capitalise on the growing market opportunity in this segment. For example, we are exploring channels like third-party large format departmental stores, government and army canteens, duty free stores at airports, in-flight, cruise liners, and other high footfall locations. We intend to adopt the ‘*brick and click*’ model and globally expand our POS to become one of the largest players in this category. We plan to increase our footprint in the tier two and tier three urban and semi-urban markets in India, through our distribution model, to benefit from growing demand and structural shift from unorganised to organised sales and distribution in the Indian jewellery market. Further, we intend to leverage our goodwill associated with our existing brands, to further develop our various sub-brands in target markets and product segments in India. We seek to achieve this through increased marketing initiatives, innovative promotional campaigns and extensive advertising.

### ***Expanding our digital presence.***

Our strategy is to establish ourselves in the digital space through our online platforms as well as through online marketplaces. With the increasing use of the internet in India and the continued development of online channels, we believe that we will be able to extend our customer reach and increase our sales through the digital mode with relatively lower investments. In addition, we believe that we can enhance our brand awareness among internet users and cater to a wider customer segment. We have launched our online platforms, [www.nakshatra.world](http://www.nakshatra.world), [www.gili.com](http://www.gili.com) and [www.asmidiamonds.in](http://www.asmidiamonds.in) through which we offer customized jewellery to a diverse range of customers. Further, we have started selling our products on websites of various e-commerce aggregators including [www.jewelsouk.com](http://www.jewelsouk.com). In keeping with the digital customers and general operating efficiencies, our strategy is to increase our business through the digital platform and leverage our manufacturing to create an asset light sales channel with multiple choices to our customers.

### ***Expanding our international presence.***

According to the CARE Report, India is one of the largest exporters of jewellery, with overall net exports of US\$ 31.98 billion in Fiscal 2016. United Arab Emirates, US, Russia, China, Singapore and Hong Kong are the biggest importers of Indian jewellery. We have accessed markets in Dubai and Hong Kong, for distribution to retailers, including in Singapore, Indonesia, Malaysia, Thailand, United Arab Emirates, Saudi Arabia and Qatar.

In Fiscal 2016 and six months ended September 30, 2016, our revenue from sale of jewellery in our international markets accounted for approximately 46.65% and 62.07%, respectively, of our total revenue from operations.

We intend to strengthen our export sales by leveraging low cost production, growing demand in global jewellery markets and our high quality international design capabilities to cater to global customers. We intend to continue to leverage our quality products and our long-standing relationships and credentials with our international customers to further develop our international markets. We intend to increase our international presence by expanding our distribution network among the Indian diaspora in the Indian sub-continent, China, Singapore and Middle-Eastern countries. We are also planning to open a subsidiary in Dubai which would enable us to have better control of distribution in the international market. Our strategy is to improve our margins and retain control

in the international distribution process, which are currently being undertaken by third party distributors. We intend to continue to leverage our procurement strength and experience and low cost manufacturing capabilities to achieve economies of scale for a long term target of being present and increasing our penetration in favourable geographies across the globe.

***Focus on product innovation.***

We intend to continue to expand our existing range of product offerings to cater to different customers and price segments through innovative designs. We have an in-house design team and a total design bank of 12,868 active SKUs, of which approximately 4,000 new designs are churned every year by our design team. Our strategy is to implement product innovation such as use of alternate metals and alloys in the manufacture of jewellery to increase affordability while still retaining the product quality and the brand essence. We have also adopted modern manufacturing techniques such as electroforming and stamping to manufacture lightweight products, which use lesser metal content, while still being aesthetically appealing.

***Continue to invest in our marketing and brand building initiatives.***

Our marketing and promotion efforts seek to increase sales by increasing brand awareness that stimulates interest in our product range and entrenching our position in the Indian jewellery industry. The key marketing channels that we use on an ongoing basis include customer advertisements with specific coverage in local lifestyle, fashion magazines and events and newspapers, outdoor billboards and signage, online and television advertisements. Going forward, our strategy is to increasingly market our products to our millennial customers through digital media, such as social media websites, rather than focusing primarily on print media. We believe our branding strategy helps us to retain existing customers and attract new customers. We intend to continue investing in our marketing initiatives and brand building exercise, including advertising through various media. We also continue to provide effective training for our sales personnel in sales techniques and product knowledge. We believe that effective marketing is important for future revenue growth, enhancing our brand visibility, to establish relationships with target markets and to sell our products in a competitive cost-effective manner.

***Focus on brand extension.***

We are exploring and evaluating the extension of some of our brands to include lifestyle categories such as apparel and accessories. We have already introduced our lifestyle products in our company owned and operated stores, SIS stores and franchised stores and are exploring tie-ups with partners in the lifestyle products segment. We intend to derive synergies from our established brands and the goodwill associated with our brands to develop our lifestyle products in our established markets in India and internationally. Going forward, we will continue to develop this segment through our extensive distribution network as well as through innovative sales channels such as online sales, television channels and impulse purchase points, including our SIS stores and franchised stores. We seek to achieve this through targeted marketing initiatives, innovative promotional campaigns and through increased emphasis on key merchandise items.

## Our Brands

The following chart illustrates our brand positioning, in terms of price points, from affordable to luxury brands, as well as in terms of styling, from classic to contemporary brands:



The following chart illustrates our brand positioning, in terms of occasion or mood, as well as in terms of target age group:

		Occasion/Mood			
		Ethnic	Casual	Work	After Dark
Age Group	Mature	NAKSHATRA	NAKSHATRA	ASMI	NAKSHATRA Gili
	Mid	PARINEETA sangini	Gili sangini	ASMI	Gili
	Teens		ASMI sangini		Gili
The jewellery is designed and the brands are positioned so as to cover various occasions/moods for women in different spheres of life					

## Our Business Operations

We are an integrated player with a focus on manufacture and distribution of branded studded jewellery, gold jewellery and other jewellery products in India and overseas. We offer a wide range of branded jewellery, across price points and for different occasions and target consumers, under the brands Nakshatra, Gili, Asmi, Sangini, Diya, Parineeta and Rivaaz.

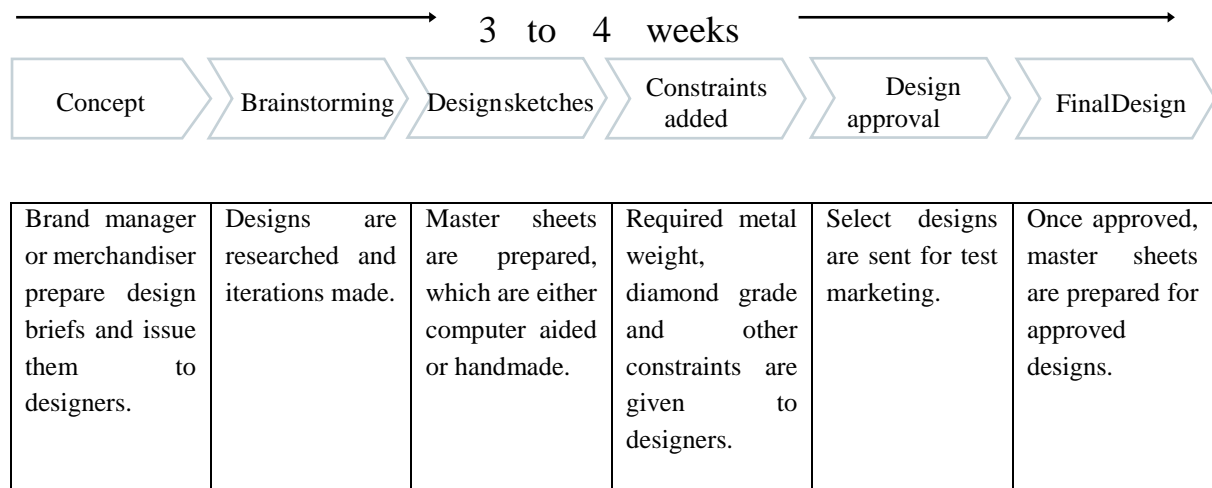
As of September 30, 2016, our distribution network spread across 290 cities and towns in India, with more than 1,644 POS, through our distributors, 329 SIS and 61 stores, which includes 49 franchisee operated stores and 12

stores which are owned and operated by us. We also have 890 overseas POS located across China, Singapore, Thailand, Malaysia, Indonesia, United Arab Emirates, Saudi Arabia and Qatar. We also export studded and gold jewellery to international distributors in Dubai and Hong Kong, for distribution to retailers, including in Singapore, Indonesia, Malaysia, Thailand, United Arab Emirates, Saudi Arabia and Qatar. In terms of our geographic spread across India, we have a strong presence in the eastern and western parts of India, with 39% of our POS being located in the eastern region while 35% of our POS are located in the western region.

### Our Design Process

We have an extensive catalogue of over 12,868 SKUs, with dedicated design teams for each of our eight brands. We launch over 4,000 designs annually, based on an ongoing process of gauging market trends including through participation in jewellery and design exhibitions, seminars and shows and by subscribing to relevant design magazines and journals, collating feedback from our retailers including our distributors and franchisees to understand our consumers' needs, expectations and preferences, and by carrying out selective merchandising prior to sales through our distribution network.

The following chart provides a typical design process overview:



### Our Raw Material Sourcing

Gold used in our manufacturing operations, is primarily sourced from a number of nominated banks and bullion companies in India. In Fiscals 2014, 2015 and 2016 and the six months ended September 30, 2016, we have expended ₹ 7,119.79 million, ₹ 10,795.46 million, ₹ 4,795.54 million and ₹ 2,420.33 million, respectively, for procurement of diamonds. We normally require cut and polished diamonds and colour stones for our business operations.

We source our diamonds primarily from our Promoter, GGL, which is a DTC sight holder, which means GGL is entitled to purchase diamonds directly from DTC. In Fiscals 2014, 2015 and 2016 and the six months ended September 30, 2016, we have expended ₹ 7,119.79 million, ₹ 10,795.47 million, ₹ 4,795.54 million and ₹ 2,420.33 million, respectively, for procurement of diamonds. Under our procurement policies, we ensure that the diamonds we purchase are “conflict-free”. The authenticity of the diamonds sourced by us from GGL is certified by recognized certification agencies such as the Gemological Institute of Evaluation (“**GIE**”), Diamond High Council (Hoge Raad Voor Diamant) (“**HRD**”) and the International Gemological Institute (“**IGI**”).

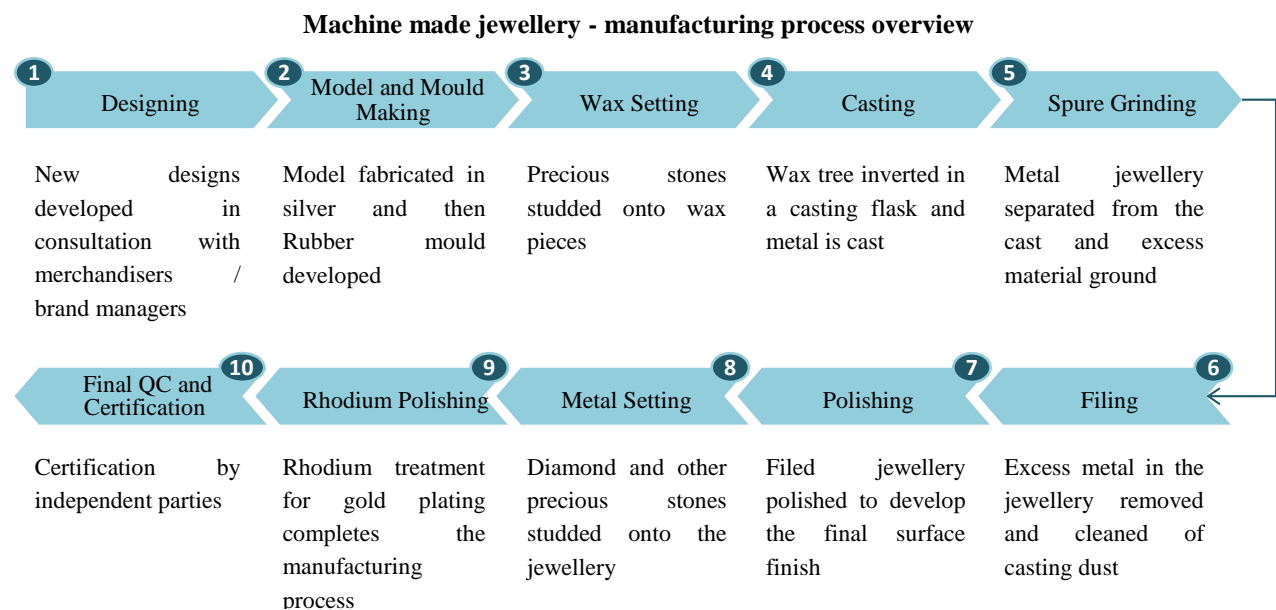
We also source finished jewellery from other manufacturers, which is handled by a specialised merchandising team. In Fiscals 2014, 2015 and 2016 and the six months ended September 30, 2016, we have expended ₹ 24,575.56 million, ₹ 35,394.63 million, ₹ 62,138.50 million and ₹ 37,602.47 million, respectively, for the purchase of finished jewellery and other products from other manufacturers.

## Our Jewellery Manufacturing Operations

We have eight manufacturing facilities located at Mumbai, Hyderabad, Surat and Jaipur, equipped with modern equipment for jewellery manufacture.

Our centralized production management team plans our production schedule by considering (i) anticipated sales, (ii) our retail expansion plans, (iii) production lead-time and (iv) raw material procurement plan. Our manufacturing process is characterized by careful supervision and control over all stages of the jewellery manufacturing chain, while remaining flexible, efficient and responsive to consumer demands. Most of our jewellery is handmade by skilled craftsmen. They use designs to construct a model of the jewellery from which a rubber mould is made. This mould is then filled with wax and the wax replicas produced are put in a casting flask which is placed in a furnace. The wax melts leaving a cavity which is filled with gold or other precious metals thereby forming the jewellery. This is then filed, polished and set with stones. The jewellery is then sent for certification and hallmarking before being distributed to our distributors, franchised stores and modern retail format stores.

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



## Our Quality Control Processes

We seek to implement a stringent quality control process throughout our operations, from the point of procurement of raw materials to the sale of our finished products. We check the purity, quality and finish of the jewellery. Following completion of quality control checks, the jewellery is sent to a government approved hall-marking centre for hall-marking in accordance with Bureau of Indian Standards norms before being stocked in our showrooms. All diamonds and precious stones are tested by independent certifying agencies such as GIE, HRD and IGI. A piece of jewellery is distributed to our distributors, franchised stores and modern retail format stores only after all quality checks have been implemented.

## Pricing Model

We have adopted the maximum retail price (“MRP”) based pricing policy for all our jewellery products. While fixing the MRP of the jewellery, a mark-up is applied on the cost at which gold or diamond was procured along with the cost of labour for manufacturing the jewellery. Due to a long sales cycle at the retail level, when the actual sale is effected, the prevailing rate of gold may be different than what is reflected in the MRP. We revise the MRP on our jewellery on quarterly basis or on periodic basis, depending upon gold and diamond price volatility. Gold comprises 25% of the total raw materials used in the manufacture of our studded jewellery. Our MRP on studded jewellery does not change unless there is significant fluctuations in gold prices. In terms of our distributorship agreements and franchisee agreements, our distributors and franchisee are entitled to discount on

the MRP at the rates fixed under such agreements. We decide the pricing policy for the end customers and offer discounts to channel partners i.e. distributors and retailers. We also launch sales and promotional discounts in respect of certain jewellery products for short periods of time.

### **Our Inventory Management and Logistics**

We believe we have comprehensive internal controls in place to ensure that our entire inventory is closely monitored.

Our integrated operations enable us to implement efficient and flexible inventory management due to our distribution network which facilitates a rotation of stock based on feedback from our marketing teams and our customers, thereby contributing to a reduction in our finished inventory holding period. Inventory in each of our SIS, franchisee operated stores and company owned and operated stores is reorganized on the basis of feedback from our marketing teams and our customers. Slow-moving inventory is moved to other showrooms that may be more suitable for that particular jewellery product or design.

A budget is created at the beginning of each year, taking into account our sales targets for that year, for procurement of raw materials for our jewellery. We regularly analyse our sales figures against our annual sales targets and adjust the distribution of our jewellery among our distributors, SIS, franchisee operated stores and company owned and operated stores as necessary, as well as our marketing and advertising campaigns with the objective of keeping our sales figures on target at all times.

We individually tag each item that is sold through our distribution network, to allow inventory tracking that is reconciled with the accounts on a daily basis. We perform regular physical inventory checks which are reviewed every six months by an external audit team. Individual distributors, retailers, franchisees and modern format retail stores are expected to perform their own inventory checks.

Raw materials to our manufacturing facilities are received by our logistics team and verified with the invoice received. Before transporting any finished jewellery, the quality control team checks the products to be sent against the appropriate transfer documentation. The quality control team also checks whether all finished products which are to be shipped are in saleable condition and are properly tagged. Once the product is ready for transport, it is picked up and delivered by a secure logistics service provider.

### **Branding and Marketing Initiatives**

The twin pillars of our brand building strategy are to achieve and maintain top-of-the-mind recall, and to create high aspiration value. We support this strategy through consistent association with celebrities who act as our brand ambassadors for our various targeted brand propositions, in order to create a perception that our brands are desirable and fashionable. We offer a wide range of differentiated jewellery, across price points and for different occasions and target customers, under the brands Nakshatra, Gili, Asmi, Sangini, Diya, Parineeta and Rivaaz. Our key brands, Nakshatra, Gili, Asmi and Sangini are well established and have been developed over a period of time by strategic brand building efforts. Various celebrities such as Ankita Shorey, Lara Dutta and Mahesh Bhupathi are brand ambassadors for our various targeted brand propositions.

Our marketing and promotion efforts seek to increase sales by increasing brand awareness that stimulates interest in our product range and entrenching our position in the Indian jewellery industry. The key marketing channels that we use on an ongoing basis include customer advertisements with specific coverage in local lifestyle, fashion magazines and events and newspapers, outdoor billboards and signage, online activities and television advertisements. We have marketing campaigns focussed for each season. We have made significant investments in nationwide advertising campaigns and event sponsorships to promote our brand.

For example, during the wedding seasons, we run a promotional offer known as “*Shubh Vivah*” (between November and January) and another offer “*Wedding Carnival*” for the second wedding season between April to June. We also run promotional events for Valentine’s Day and women’s day. We also have seasonal offers like the “*Rain and Shine*” offer between June and August and festive offers during Dussera, Karwa Chauth, Dhanteras, Diwali and Valentines Day.



## Our Distribution Network

Our distribution model is designed to be scalable, with a view to extending our brand visibility and supporting and encouraging the conversion of unorganised jewellery retailers into outlets selling our branded jewellery. As of September 30, 2016, our distribution network spread across 290 cities and towns in India, with more than 1,644 POS, through our distributors, 329 SIS and 61 stores, which includes 49 franchisee operated stores and 12 stores which are owned and operated by us. We also have 890 overseas POS located across China, Singapore, Thailand, Malaysia, Indonesia, United Arab Emirates, Saudi Arabia and Qatar. Given the size, diversity and nature of the Indian jewellery market, we have created an omni-channel distribution network, across company owned stores, franchisees, retailers, SIS in departmental stores, airports, malls and other high footfall areas.

Our sales and distribution channels for jewellery products include: (i) sales effected through distributors for jewellery products; (ii) direct sales to large department stores and jewellery stores; and (iii) direct sales to customers through retail operations.

In order to increase the visibility of our branded jewellery, we operate through an extensive distributor network. The distributor purchases jewellery products from us for resale to individual retailers. The distributor is responsible for ensuring the display of our brands and collection of payments from individual retailers. This model reduces payment risks associated with direct sales and enables us to deal directly with distributors rather than with numerous small retail outlets. Our distributors are selected based on their sales capabilities, infrastructure, existing relationships with retailers in the geographic region assigned to them and collection and payment history.

From time to time we organise jewellery exhibitions in the more significant Indian cities and towns to display designs to existing distributors and to identify new distributors. We provide brand promotional support to retail distributors and to retail chains, including through sales promotion campaigns. We also provide facilities for the replacement of unsold stock and circulate design catalogues, updated every quarter, from which distributors and retailers can select our latest jewellery designs and offerings.

We also sell products through outlets in various host stores such as SIS, large department stores chains, franchised stores and company owned and operated stores. The primary function of our owned stores is to showcase our brands and create a connect with our customers. The primary function of our exclusive SIS stores is to leverage the growing modern retail platform by increasing our brand visibility at airports, malls and other high footfall areas, spread across some of the largest modern retail chains in India, including Shoppers Stop.

We enter into exclusive distributorship agreements with various third party distributors to redistribute our jewellery to retailers with whom they, respectively, have arrangements. In terms of our distributorship agreements, our distributors are required to prepare monthly statements of sales made to retailers. Our distributors are required to pay us a specified percentage of the price of the jewellery as an advance at the time of placing the order and the remaining amount is payable before the dispatch of the jewellery to the distributors. Our distributorship agreements fix the minimum initial order and the sales target that our distributors have to achieve in each fiscal. We decide the MRP of our jewellery and we have the sole discretion to revise the MRP from time to time. Our distributors are entitled to discount on the MRP, at rates fixed under our distributorship agreements. Further, in terms of our distributorship agreements, our distributors are allowed to exchange jewellery up to a fixed percentage of the invoice value, within six months of the date of the invoice. We also buy back our jewellery from our distributors after deducting a fixed percentage of the invoice value, as specified under our distributorship agreements.

We also enter into exclusive franchise agreements with various third parties for the retail sale of our jewellery. Our franchisees are required to pay a fixed amount as signing fees, on appointment as the franchisee. Further, our franchisees are required to maintain a trade deposit on the basis of which we provide our jewellery to our franchisees. Our franchisees are entitled to fixed quarterly interest on the trade deposit maintained by them and a fixed monthly commission on the sale of our jewellery. We decide the MRP of our jewellery and we have the sole discretion to revise the MRP from time to time. Our franchisees are entitled to discount on the MRP, at rates fixed under our franchise agreements. Further, in terms of our franchise agreements, our franchisees are allowed to exchange jewellery up to a fixed percentage of the invoice value, within the time specified under our franchise agreement. We also buy back our jewellery from our distributors after deducting a fixed percentage of the invoice value, as specified under our franchise agreements. Our franchise agreements are typically for a period ranging between three years to five years, which may be renewed at our and our franchisee's mutual consent.



As far as international business is concerned, we export both studded and gold jewellery, mainly to Dubai, Hong Kong, for distribution to retailers, including in Singapore, Indonesia, Malaysia, Thailand, United Arab Emirates, Saudi Arabia and Qatar. The proposition of exports is to cater to the Indian diaspora in these countries and make available our key brands like Nakshatra, Gili, Asmi and Sangini to them.

### Intellectual Property

For details of our intellectual property, see “*Government and Other Approvals – Approvals in relation to our Company’s Intellectual Property*” and “*Government and Other Approvals – Approvals in relation to our Subsidiaries*” on pages 341 and 347 respectively.

### Information Technology

We rely on our IT systems to provide us with connectivity across our business functions and our distribution network. We have implemented a web based ERP system provided by Orior in order to maintain greater control over business operations. The software allows for virtual connectivity across our distribution network and transfers data in real time, allowing our management team to obtain real-time information. We also have backup support for all systems, and all of our data is protected by security measures. These information technology strategies help us to continuously consolidate workloads, maximise server utilization and decrease operational costs.

### Human Resources

The following table sets forth the number of persons employed in various roles in our Company as of February 28, 2017:

Department	Number of employees
Accounts And Finance	76
Business Development	1
Corporate social responsibility	2
Human Resource And Administration	73
Information Technology	9
Inventory And Logistics	129
Corporate Strategy	1
Legal And Secretarial	2
Manufacturing	490
Marketing	7
Merchandising	12
Operations	14
Projects	1
Sales	494
Training	1
<b>Total</b>	<b>1,312</b>

We provide regular training to our employees, sometimes with the assistance of external consultants. We monitor our employees' skill levels and provide targeted training programs to improve their skills. We focus in particular on increasing the efficiency of our sales teams. Our employees also enjoy various statutory benefits.

### Insurance

We have purchased several insurance policies from reputed insurers in order to manage the risk of losses from potentially harmful events, including: (i) a jeweller's block policy covering theft, fire, breakage, robbery, larceny, damage to jewellery and transportation and handling of jewellery and currency; (ii) a standard fire and special perils insurance policy; and (iii) a package insurance policy. Our insurance policies are reviewed periodically to ensure that the coverage is adequate.

### Security

Our owned and operated showrooms and manufacturing facilities are equipped with closed-circuit television surveillance, linked to a digital video recorder or other video recording device, an intrusion alarm and a glass

breakage alarm. These security systems are monitored by daily security audits. Our showrooms have a strong room for the safe storage of jewellery after opening hours. We have contracts with various reputable private security agencies who are required to provide armed security guards to all our showrooms, 24 hours a day. In addition, the stock at all our showrooms is tallied on a daily basis before closing the showrooms.

### **Competition**

Competition in the Indian jewellery industry is significant. We operate in highly competitive and fragmented markets, and competition in these markets is based primarily on market trends and customer preferences. The players in the jewellery sector in India often offer their products at highly competitive prices and many of them are well established in their local markets. We face competition from jewellery retailers with pan-India presence such as Titan Company Limited, PC Jeweller Limited, Tribhovandas Bhimji Zaveri Limited and Renaissance Jewellery Limited.

### **Properties**

Our registered office, situated at A-1 7<sup>th</sup> Floor, Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra, is occupied by us pursuant to a leave and license agreement dated December 14, 2016 with a third party, N & J Finstocks Private Limited, for a period of three years, ending September 30, 2019. Our manufacturing facilities in Mumbai, Jaipur and Hyderabad have been set up on leased properties. Our Company owned and operated stores are also held on leasehold basis. Our franchised stores and other POS are located in premises owned or leased, as applicable, by the respective third-party franchisees, distributors and retailers, as the case may be.

## KEY REGULATIONS AND POLICIES IN INDIA

*The following description is a summary of certain sector specific laws and regulations currently in force in India. The information detailed in this chapter has been obtained from publications available in the public domain. The description below may not be exhaustive, and is only intended to provide general information to investors, and is neither designed as, nor intended as a substitute for professional legal advice. Judicial and administrative interpretations are subject to modification or clarification by subsequent legislative, judicial or administrative decisions. Also see, “Government and Other Approvals”, on page 339.*

### Regulation of Gold Loans

The Government of India announced the Gold Monetisation Scheme (the “GMS”) by Office Memorandum F.No.20/6/2015-FT dated September 15, 2015. The objective of the GMS is to mobilise gold held by Indians households and institutions and facilitate its use for productive purposes and, in the long run, to reduce India’s reliance on the import of gold. Accordingly, in the exercise of powers conferred under the Banking Regulation Act, 1949, the RBI launched the GMS on October 22, 2015, and the GMS-linked Gold Metal Loan Scheme on November 5, 2015, which have been amended and clarified from time to time, most recently on March 31, 2016.

Under the GMS, which includes the Revamped Gold Deposit Scheme and Revamped Gold Metal Loan Scheme, the RBI permits scheduled commercial banks to provide finance for genuine working capital of domestic jewellery manufacturers, as well as permitting nominated banks to import gold to provide finance to domestic jewellery manufacturers, subject to certain conditions, including that the tenor of gold loans (which can be decided by the nominated banks) does not exceed 180 days from the date of procurement of the gold and the interest charged to the borrowers is linked to international gold rates. The RBI also permits nominated agencies and approved banks to import gold on loan basis for on-lending to exporters of jewellery, subject to certain conditions, including that the maximum tenor of gold metal loans does not exceed 270 days from the date of procurement of gold by the exporter based on India’s Foreign Trade Policy (“FTP”) 2015-2020. Gems and jewellery export oriented units (“EOUs”) and specified units in SEZs are permitted to import gold on a loan basis directly or through nominating agencies, subject to specified conditions.

Under the GMS, all resident Indians can make deposits in a gold savings account opened with a bank. The minimum that a customer can deposit is 30 grams of raw gold, in any form, excluding jewellery with stones or other metals. There is no maximum limit. Certain assaying and hallmarking centres certified by the BIS act as collection and purity testing centres for testing the purity of gold for this purpose. Customers can deposit the gold in these centers or at designated branches of the banks. Among other things, customers can deposit gold for a short term period of 1-3 years (with a roll out in multiples of one year), on which varying interest rates will be payable (determinable by the bank), accruing from the date the gold deposited is converted into tradable gold bars after refinement or 30 days after the receipt of gold, whichever is earlier. Customers have the option of redemption in accordance with the terms of the GMS.

Gold mobilised through the GMS under the short-term option, or purchased by banks under the medium or long term option (i.e., deposited by customers for five to seven years, or 12 to 15 years, at specified interest rates), may be provided by banks to jewellers on loan, subject to the terms and conditions prescribed by the banks and/or the RBI.

### Trade Related Legislation

#### *Foreign Trade Regulation and Policy*

The Foreign Trade (Development and Regulation) Act, 1992 (the “FTDRA”) prohibits exports from or imports into India, unless such importer or exporter has been granted an Importer-Exporter Code (the “IEC”) by the office of the Directorate General of Foreign Trade (the “DGFT”), under the aegis of the Ministry of Commerce and Industry, GoI. Any violation of India’s FTP or other applicable law, including central excise, customs or foreign exchange control regulations, may result in the cancellation of the IEC.

India’s FTP is issued by the Ministry of Commerce and Industry, GoI, from time to time, under the FTDRA. Certain salient features of India’s FTP 2015-2020, effective from April 1, 2015 until March 31, 2020, and currently updated to June 30, 2015, are set out below.

- Exporters of gems and jewellery are permitted to import or procure duty-free input for manufacture of the following export products: gold jewellery, including partly processed jewellery and articles including medallions and coins (excluding legal tender coins), whether plain or studded, containing gold of 8 carats and above, silver jewellery, including partly processed jewellery, silverware, silver strips and articles including medallions and coins (excluding legal tender coins and any engineering goods) containing more than 50% silver by weight, and platinum jewellery, including partly processed jewellery and articles including medallions and coins (excluding legal tender coins and any engineering goods) containing more than 50% platinum by weight.
- Among other things, exporters of the abovementioned eligible products may be permitted, under the Replenishment Authorisation for Consumables Scheme, duty-free import of consumables, tools and other items for jewellery made out of gold and platinum as well as for cut and polished diamonds up to 1% of Free on Board (“**FOB**”) value of exports for the preceding year, while in the case of precious metals other than gold and platinum the limit is 2%, and for rhodium finished silver jewellery the limit is 3%, in each case on production of required certification of export performance.
- Moreover, an exporter of plain or studded precious metal jewellery is entitled to duty-free re-import for rejected jewellery up to 2% of free on board value of exports in the preceding licencing year.
- Duty-free import entitlement of commercial samples for all exporters is ` 300,000, while personal carriage of gems and jewellery products in case of holding/ participating in overseas exhibitions is US\$ 5,000,000 and in case of export promotion tours is US\$ 1,000,000.

#### *Special Economic Zones*

An SEZ is a geographically bound duty-free zone for the purposes of trade and operations. The Special Economic Zones Act, 2005 (the “**SEZ Act**”) and the Special Economic Zones Rules, 2006 (the “**SEZ Rules**”) provide the procedure for development, operation and maintenance of SEZs. Incentives and facilities offered to SEZ units include duty-free import/domestic procurement of goods for development, operation and maintenance of SEZ units; exemption from custom duties, central excise duties, service tax, central sales taxes and securities transaction tax to both the developers and the units; 100% income tax exemption on export income for SEZ units under Section 10AA of the Income Tax Act, 1961 for the first five years, 50% for the next five years thereafter and 50% of ploughed back export profit for the next five years; and subject to certain conditions, external commercial borrowing by SEZ units up to USD 500 million in a year without maturity restriction through recognized banking channels.

For setting up a unit in an SEZ, a letter of approval has to be obtained from the Development Commissioner of such SEZ. The grant of a letter of approval is subject to the unit meeting certain terms and conditions, including, among other things, the achievement of positive net foreign exchange to be calculated cumulatively for a period of five years from the commencement of production, and the execution of a bond-cum-legal undertaking with regard to obligations pertaining to proper utilization and accounting of goods imported or procured duty-free and the achievement of positive net foreign exchange.

#### *Kimberly Process Certification*

The Kimberley Process Certification Scheme (“**KPCS**”) is a joint government, international diamond industry and civil society initiative to stem the flow of conflict diamonds, which are rough diamonds used to finance rebel movements against legitimate governments. The KPCS has been implemented in India from 2003.

The GoI, through communication No. 12/13/2000-EP(GJ) dated November 13, 2002, designated the Gem and Jewellery Export Promotion Council (“**GJEPC**”) as the ‘Importing and Exporting Authority’ within the meaning of Section IV(b) of the KPCS. Among other things, no import or export of rough diamonds is permitted unless the shipment is accompanied by the Kimberley Process Certificate (“**KPC**”) required under the procedure specified by the GJEPC. Subsequently, under the SEZ Rules, the Development Commissioners in the respective SEZs have been delegated powers to issue KPCs for units situated in such SEZs.

Moreover, the Central Board of Excise and Customs (“**CBEC**”), Ministry of Finance, GoI, by circular No.55/2003-Cus dated June 23, 2003 has issued detailed instructions to customs field formation, about the procedure to be adopted for import and export of rough diamonds.

## **Labour Law**

The various labour and employment-related legislations that may apply to our operations, from the perspective of protecting workers rights and specifying the registration, reporting and other compliances and requirements that may apply to us as an employer, would include the Employee's Compensation Act, 1923, the Payment of Wages Act, 1936, the Industrial Disputes Act, 1947, the Minimum Wages Act, 1948, the Factories Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Maternity Benefit Act, 1961, the Payment of Bonus Act, 1965, the Contract Labour (Regulation and Abolition) Act, 1970, the Payment of Gratuity Act, 1972, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Industrial Disputes Act, 1947, the Employees' State Insurance Act, 1948, the Maternity Benefits Act, 1961, the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the shops and establishment legislations applicable in the States in which we operate.

## **Environmental Law**

The major statutes in India which seek to regulate, and protect the environment from, pollution related activities in India include the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981 and the Environment Protection Act, 1986, read with the Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008.

In order to achieve the objectives of these statutes, the Pollution Control Boards ("PCBs") have been set up in each State. The PCBs are responsible for setting standards for, among other things, directing the installation of pollution control devices in industries and undertaking inspections to ensure that industries function in compliance with prescribed standards. Companies must obtain periodic consents from the relevant State PCBs for emissions and discharge of effluents into the environment. These authorities also have search, seizure and investigatory powers if the authorities are aware of, or suspect, violation of such laws.

The Ministry of Environment and Forests, GoI, released a new categorization of industrial sectors, effective March 5, 2016, based on pollution load, as a function of emissions (air pollutants), effluents (water pollutants), hazardous wastes generated and consumption of resources. Industries categorized as "white", or least polluting, would not require PCB consents to establish and operate, and need only intimate the concerned PCB; other industries would continue to require PCB consents to establish and operate. Industries categorized as "red", or most polluting, would normally not be permitted in an ecologically fragile area or protected area.

## **Laws Relating to Taxation**

The tax related laws that are applicable to us include the Value Added Tax as enacted by the states, the the Income Tax Act, the Customs Act, 1962, the Central Sales Tax Act, 1956 and various rules and notifications issued by taxation authorities.

## **Intellectual Property**

The Trade Marks Act, 1999 (the "**Trade Marks Act**") provides for the registration of trademarks in India, pursuant to which the registered owner of a trademark is granted exclusive rights to registered marks, including brands, labels and headings, and to obtain relief in case of infringement for commercial purposes. The Trade Marks Act prohibits registration of deceptively similar trademarks and provides for penalties for infringing, falsifying and falsely applying trademarks.

## **Foreign Investment**

Under India's Foreign Direct Investment ("**FDI**") Policy, currently as effective from June 7, 2016, FDI up to 100% through the automatic route is permitted in the case of an Indian manufacturer selling its own branded products in any manner, i.e., wholesale, retail, and including through e-commerce platforms. Subject to certain conditions, FDI up to 100% (up to 49% under the automatic route and beyond 49% with government approval), in the retail trading of 'single brand' products is permitted. Subject to certain conditions, FDI up to 51% through the government route, in the retail trading of 'multi-brand' products is permitted.

For this purpose, the term “Indian manufacturer” is defined to mean the investee company, which is the owner of the Indian brand(s) and which manufactures in India, in terms of value, at least 70% of its products in-house, and sources, at most 30% from Indian manufacturers. It is further clarified that “Indian brands” should be owned and controlled by resident Indian citizens and/or companies which are owned and controlled by resident Indian citizens.

## HISTORY AND CERTAIN CORPORATE MATTERS

### Brief History of our Company

Our Company was incorporated on December 18, 1995 under the Companies Act 1956 as a private limited company under the name ‘Gitanjali Plantations Private Limited’ with the RoC in Mumbai. Pursuant to a resolution passed by our shareholders in their EGM dated October 21, 2003, the name of our Company was changed to ‘Fantasy Diamond Cuts Private Limited’, and a fresh certificate of incorporation was issued on January 29, 2004. Subsequently, pursuant to a special resolution passed by our shareholders in their EGM dated May 14, 2009, the name of our Company was changed to ‘Fantasy Jewellery Private Limited’, and a fresh certificate of incorporation was issued on June 4, 2009. Further, pursuant to a special resolution passed by our shareholders in their EGM dated December 4, 2010, the name of our Company was changed to ‘Gitanjali Brands Private Limited’, and a fresh certificate of incorporation was issued on December 14, 2010. The aforementioned changes in our Company’s name were undertaken to reflect the change in our business activities. Pursuant to a special resolution passed by our shareholders in their EGM dated December 16, 2010, our Company was converted in to a public limited company, following which our name was changed to ‘Gitanjali Brands Limited’, and a fresh certificate of incorporation was issued on December 29, 2010. Subsequently, pursuant to a special resolution passed by our shareholders in their EGM dated October 4, 2016, the name of our Company was changed to ‘Nakshatra World Limited’, and a fresh certificate of incorporation was issued on November 11, 2016. The brand ‘Nakshatra’ is registered in the name of our subsidiary, Nakshatra Brands, which, pursuant to a letter dated August 26, 2016, has given its consent to our Company to use the word ‘Nakshatra’ in our name.

Our Company currently has three subsidiaries - GILI India Limited (“**GILI India**”), Bezel Jewellery (India) Private Limited (“**Bezel Jewellery**”) and Nakshatra Brands Limited (“**Nakshatra Brands**”). Our Company had acquired GILI India, Nakshatra Brands, Bezel jewellery, Asmi Jewellery India Limited (“**Asmi Jewellery**”), Spectrum Jewellery Limited (“**Spectrum Jewellery**”) and Shubalavanyaa Jewel Crafts Private Limited (“**Shubalavanyaa**”) in 2011, pursuant to which these companies became our subsidiaries. Subsequently, pursuant to a scheme of amalgamation, Asmi Jewellery and Spectrum Jewellery were amalgamated into Nakshatra Brands with effect from July 7, 2016, while our Company disposed of its shareholding in Shubalavanyaa pursuant to the board resolution dated January 27, 2015. For further information, see “– *Details regarding Acquisition of Business/Undertakings, Mergers, Amalgamation, Revaluation of Assets, if any*” and “– *Details of our Subsidiaries*” on pages 140 and 141 respectively.

The registered office of our Company is situated at A-1, 7<sup>th</sup> Floor, Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra, India.

### Total Number of Shareholders of our Company

Our Company has seven equity shareholders (including Equity Shares held by nominees of GGL), as on the date of filing of this Draft Red Herring Prospectus. For further information, see “*Capital Structure*” on page 79.

### Changes in Registered Office

Date of Change	Details of change	Reasons for change
August 5, 2003	Change of registered office from 15-A Sopariwala Estate, Opera House, Mumbai 400 004 to 801/802, Prasad Chambers, Opera House, Mumbai 400 004	Convenience and better administration
October 11, 2012	Change of registered office from 801/802 Prasad Chambers, Opera House, Mumbai 400 004 to A-1, 7 <sup>th</sup> Floor, Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai 400 051	Convenience and better administration



## Major Events

Calendar Year	Event
2010	<ul style="list-style-type: none"> <li>Our Company commenced production in a SEZ unit at Hyderabad</li> <li>Conversion of our Company from a private limited company to a public limited company</li> </ul>
2011	<ul style="list-style-type: none"> <li>Our Company acquired GILI India, Nakshatra Brands, Bezel Jewellery, Asmi Jewellery<sup>(1)</sup>, Spectrum Jewellery and Shubalavanyaa<sup>(2)</sup></li> </ul>

<sup>(1)</sup> Asmi Jewellery and Spectrum Jewellery ceased to be our subsidiary pursuant to its amalgamation into Nakshatra Brands. For further information, see “– Details regarding Acquisition of Business/Undertakings, Mergers, Amalgamation, Revaluation of Assets, if any” and “– Details of our Subsidiaries” on pages 140 and 141 respectively.

<sup>(2)</sup> Shubalavanya ceased to be our subsidiary pursuant our Company disposing of its shareholding in Shubalavanyaa. For further information, see “– Details regarding Acquisition of Business/Undertakings, Mergers, Amalgamation, Revaluation of Assets, if any” and “– Details of our Subsidiaries” on pages 140 and 141 respectively.

## Awards, Certifications and Recognitions

We have received the following, awards, certifications and recognitions.

Calendar Year	Award/Certification/Recognition
2008	Gitanjali group was awarded ‘Selected Business Superbrand India’
2009-2010	‘Nakshatra’ was awarded ‘Consumer Superbrand’
2014	Our promoter, Mr. Mehul Choksi and our subsidiary, GILI India was awarded ‘Best jewellery Brand 2014’ at the 2 <sup>nd</sup> India Bullion and Jewellery Awards 2014
2016	Gitanjali group was awarded the ‘Indian Power Brand 2016’

## Our Main Objects

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

Clause	Particulars
1	To commence, establish, set up, carry on, conduct, manage, and administer business of buying, selling, importing, exporting, distributing, refining, assorting, cleaning, polishing, preparing, kerfing, cleaving, sawing, chiselling, clifting, acquiring, disposing off, supplying, ordering, regulation, controlling, classifying, allocating, trading and dealing in cut and/or uncut, coarse and/or polished gems and diamonds including industrial diamonds and boart whether rough, coarse or polished, precious and semi-precious and synthetic stones, including uncut pearls, whether real or cultured, rubies, emeralds, sapphires, corals, all kind of precious and semi-precious metals including gold, silver, platinum and to bullion form also jewellery and ornaments of all kinds including of metal and/or precious, semi-precious and synthetic stones
1A	To carry on business as recognised export house/trading house and of buying and selling commission agents and/or distributors and/or job work contractors and/or indenters and/or 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 Franchises or by any methods of sale or display, in respect of cut and/or uncut, coarse and/or polished, gems and diamonds including industrial diamonds and boart whether rough, coarse or polished, precious and semi-precious and synthetic stones, including uncut, pearls, whether real or cultured, rubies, emeralds, sapphires, corals, all kinds of precious and semi-precious metals including gold, silver, platinum and to bullion form also jewellery and ornaments of all kinds including of metals and /or precious, semiprecious and synthetic stones, all other branded or non branded lifestyle products, materials, accessories such as home décor products, car, goods, watches, clocks, cutleries, fabrics, utensils, furnitures, antiques, articles & things and 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.

## Changes in our Memorandum of Association

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

Date of Amendment/ Shareholders Resolution	Amendment
August 13, 2003	<p>Other Object Clauses 104 and 114 of Part C of Part III of Other Object Clause of the Memorandum of Association to be shifted to Part A of Part III of Main Object Clause of the Memorandum of Association and be numbered as 1 and 1A as following:</p> <p><i>“1. To commence, establish, set up, carry on, conduct, manage, and administer business of buying, selling, importing, exporting, distributing, refining, assorting, cleaning, polishing, preparing, kerfing, cleaving, sawing, chiselling, clifting, acquiring, disposing off, supplying, ordering, regulation, controlling, classifying, allocating, trading and dealing in cut and/or uncut, coarse and/or polished gems and diamonds including industrial diamonds and boart whether rough, coarse or polished, precious and semi-precious and synthetic stones, including uncut pearls, whether real or cultured, rubies, emeralds, sapphires, corals, all kind of precious and semi-precious metals including gold, silver, platinum and to bullion form also jewellery and ornaments of all kinds including of metal and/or precious, semi-precious and synthetic stones.”</i></p> <p><i>“1A. To carry on business as recognised export house/trading house and of buying and selling commission agents and/or distributors and/or job work contractors and/or indenters for or in respect of diamonds, pearls, corals, gems, rubies and all kind of precious and semi-precious emeralds, sapphires, synthetic stones, all kinds of jewellery and jewels and precious and semi-precious metals.”</i></p> <p>The Main Object Clause 1 of Part A of Part II of Main Object Clause of Memorandum of Association be shifted to Part C of Part III of Other Object Clause of Memorandum of Association of the Company and numbered as 104 as following:</p> <p><i>“104. To carry on the business of general farmers, horticulture, floriculture, sericulture, tissueculture, cultivators of all kinds of food grains, seeds, fruits, and plantations and growers and cultivators of every description and traders, exporters and sellers of and dealers in products developed, grown, produced, processed, cultivated or otherwise produced and manufactured and to cultivate, grow, produce and deal in any vegetable, grass agriculture, fruits, products, grass, wood, teak, plants, trees and to act as grower and deal in seed men, nursery men.”</i></p>
October 21, 2003 <sup>#</sup>	<p>Clause I of the Memorandum of Association was replaced by the following:</p> <p><i>“The name of the company is Fantasy Diamond Cuts Private Limited.”</i></p>
September 5, 2005	<p>Clause V of the Memorandum of Association was replaced by the following:</p> <p><i>“The Authorised share capital of the Company is Rs. 1,00,00,000/- (Rupees One Crore Only) divided into 10,00,000 (Ten Lakhs) Equity shares of Rs. 10/- (Rupees Ten Only) each. The Company shall have the power to increase or reduce the capital.</i></p> <p><i>The rights of holders of any class of shares of time being forming part of the capital of the Company be modified affected, varied, extended or surrender either with the consent in writing of the holders of three fourths of the issued share of the class or with the sanction of a special resolution passed at a separate meeting of the holders of those shares.”</i></p>
October 1, 2005	<p>Clause V of the Memorandum of Association was replaced by the following:</p> <p><i>“The Authorised share capital of the Company is Rs. 1,25,00,000/- (Rupees One Crore Twenty Five Lacs Only) divided into 12,50,000 (Twelve Lakhs Fifty Thousand) Equity shares of Rs. 10/- (Rupees Ten Only) each. The Company shall have the power to increase or reduce the Capital.</i></p> <p><i>The rights of holders of any class of shares of time being forming part of the capital of the Company be modified affected, varied, extended or surrender either with the consent in writing of the holders of three fourths of the issued share of the class or with the sanction of a special resolution passed at a separate meeting of the holders of those shares.”</i></p>
March 26, 2007	<p>Clause V of the Memorandum of Association was replaced by the following:</p> <p><i>“The Authorised share capital of the Company is Rs. 7,50,00,000/- (Rupees Seven Crores Fifty Lakhs) divided into 75,00,000 (Seventy Five Lakhs) Equity shares of Rs. 10/- (Rupees Ten Only) each. The Company shall have the power to increase or reduce the Capital.</i></p>

Date of Amendment/ Shareholders Resolution	Amendment
March 25, 2009	<p><i>The rights of holders of any class of shares of time being forming part of the capital of the Company be modified affected, varied, extended or surrender either with the consent in writing of the holders of three fourths of the issued share of the class or with the sanction of a special resolution passed at a separate meeting of the holders of those shares."</i></p> <p>Clause V of the Memorandum of Association was replaced by the following:</p> <p><i>"The Authorised share capital of the Company is Rs. 9,00,00,000/- (Rupees Nine Crores only) divided into 90,00,000 (Ninety Lakhs) Equity shares of Rs. 10/- (Rupees Ten Only) each. The Company shall have the power to increase or reduce the Capital.</i></p> <p><i>The rights of holders of any class of shares of time being forming part of the capital of the Company be modified affected, varied, extended or surrender either with the consent in writing of the holders of three fourths of the issued share of the class or with the sanction of a special resolution passed at a separate meeting of the holders of those shares."</i></p>
May 14, 2009 <sup>^</sup>	<p>Clause I of the Memorandum of Association was replaced by the following:</p> <p><i>"The name of the company is Fantasy Jewellery Private Limited."</i></p>
December 4, 2010	<p>Clause III(A) (1A) of the Memorandum of Association was replaced by the following:</p> <p><i>"1A To carry on business as recognised export house/trading house and of buying and selling commission agents and/or distributors and/or job work contractors and/or indenters and/or 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 Franchises or by any methods of sale or display, in respect of cut and/or uncut, coarse and/or polished, gems and diamonds including industrial diamonds and boart whether rough, coarse or polished, precious and semi-precious and synthetic stones, including uncut, pearls, whether real or cultured, rubies, emeralds, sapphires, corals, all kinds of precious and semi-precious metals including gold, silver, platinum and to bullion form also jewellery and ornaments of all kinds including of metals and /or precious, semiprecious and synthetic stones, all other branded or non branded lifestyle products, materials, accessories such as home décor products, car, goods, watches, clocks, cutlery, fabrics, utensils, furnitures, antiques, articles &amp; things and 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 &amp; 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."</i></p>
December 4, 2010 <sup>*</sup>	<p>Clause I of the Memorandum of Association was replaced by the following:</p> <p><i>"The name of the company is Gitanjali Brands Private Limited."</i></p>
December 16, 2010 <sup>**</sup>	<p>Clause I of the Memorandum of Association was replaced by the following:</p> <p><i>"The name of the company is Gitanjali Brands Limited."</i></p>
December 16, 2010	<p>Clause V of the Memorandum of Association was replaced by the following:</p> <p><i>"The authorised share capital of the company is Rs. 9,00,00,000 (Rupees Nine crore only)divided into 1,80,00,000 (One Crore Eighty Lakhs) equity shares of Rs. 5/- (Rupees Five only) each. The Company shall have the power to increase and/or reduce the Capital. The rights of holders of any class of shares of time being forming part of the capital of the Company be modified affected, verified, extended or three fourths of the issued share of the class or with the sanction of special resolution passed at a separate meeting of the holders of those shares"</i></p>
November 5, 2012	<p>Clause V of the Memorandum of Association was replaced by the following:</p> <p><i>"The authorised share capital of the company is Rs. 9,00,00,000 (Rupees Nine crore only)divided into 1,76,66,000 (One Crore seventy six lakhs sixty six thousand) equity shares of Rs. 5/- each (Rupees Five only) each and 9% 3,34,000 (Three lakhs Thirty Four Thousand) non cumulative redeemable preference shares of Rs. 5/- each (Rupees Five only) each with powers to increase and/or reduce the capital of the company from time to time in accordance with the regulation of the company and the legislative provisions for the time being in force in this behalf"</i></p>
October 4, 2016 <sup>##</sup>	<p>Clause I of the Memorandum of Association was replaced by the following:</p>

Date of Amendment/ Shareholders Resolution	Amendment
October 24, 2016	<p><i>“The name of the Company is Nakshatra World Limited.”</i></p> <p>Clause V of the Memorandum of Association was replaced by the following:</p> <p><i>“The Authorised Share Capital of the Company is Rs. 9,00,00,000/- (Rupees Nine Crores only) divided into 1,80,00,0000 (one crore eighty lakhs) Equity Shares of Rs. 5/- (Rupees Five only) each with powers to increase and/or reduce capital of the Company from time to time, in accordance with the Regulations of the Company and the legislative provisions for the time being in force this behalf”</i></p>
October 24, 2016	<p>Clause V of the Memorandum of Association was replaced by the following:</p> <p><i>“The Authorized Share Capital of the Company is Rs. 80,00,00,000/- (Rupees Eighty Crores only)divided into 16,00,00,000 (Sixteen Crores) Equity Shares of Rs. 5/- (Rupees Five only) each with powers to increase and/or reduce capital of the Company from time to time, in accordance with the Regulations of the Company and the legislative provisions for the time being in force this behalf. ”</i></p>
December 8, 2016	<p>Clause V of the Memorandum of Association was replaced by the following:</p> <p><i>“The Authorized Share Capital of the Company is Rs. 80,00,00,000/- (Rupees Eighty Crores only)divided into 8,00,00,000 (Eight Crores) Equity Shares of Rs. 10/- (Rupees Ten) each with powers to increase and/or reduce capital of the Company from time to time, in accordance with the Regulations of the Company and the legislative provisions for the time being in force this behalf. ”</i></p>

# A fresh certificate of incorporation was issued on January 29, 2004 pursuant to the name change.

^ A fresh certificate of incorporation was issued on June 4, 2009 pursuant to the name change.

\* A fresh certificate of incorporation was issued on December 14, 2010 pursuant to the name change.

\*\* A fresh certificate of incorporation was issued on December 29, 2010, pursuant to conversion of our Company from a private limited company to a public limited company.

## A fresh certificate of incorporation was issued on November 11, 2016 pursuant to the name change.

## Our Business and Management

For a description of our activities, services, products, market segments, the growth of our Company, foreign operations together with a country-wide analysis, the standing of our Company’s products and services with reference to competitors, management, major suppliers and customers, environmental issues and geographical segments, see “**Our Business**”, “**Risk Factors**” and “**Our Management**” on pages 120, 18 and 147, respectively.

## Injunction or Restraining Order, if any, with Possible Implications

Our Company is not operating under any injunction or restraining order.

## Details regarding Acquisition of Business/Undertakings, Mergers, Amalgamation, Revaluation of Assets, if any

Except for the acquisitions of GILI India, Nakshatra Brands, Bezel Jewellery, Asmi Jewellery, Spectrum Jewellery and Shubalavanyaa, pursuant to these companies became our subsidiaries, our Company has neither acquired any entity, business or undertakings nor undertaken any mergers, amalgamation. Further, pursuant to a scheme of amalgamation, Asmi Jewellery and Spectrum Jewellery were amalgamated into Nakshatra Brands with effect from July 7, 2016 and the value of investments of our Company were restated. Our Company disposed of its shareholding in Shubalavanyaa pursuant to the board resolution dated January 27, 2015. See “– **Details of our Subsidiaries**” on page 141.

## Capital Raising Activities through Equity and Debt

Except as mentioned in “**Capital Structure**” on page 79, our Company has not raised capital through equity.

For a description of our Company’s debt facilities, see “**Financial Indebtedness**” on page 316.

## Changes in the Activities of our Company during the last Five Years

There have been no changes in the activities of our Company during the last five years which may have had a material effect on the profits and loss account of our Company including discontinuance of lines of business, loss of agencies or markets and similar factors.

### **Defaults or Rescheduling of Borrowings with Financial Institutions/Banks and Conversion of Loans into Equity**

In relation to inter corporate deposits availed of from SICOM, as at March 31, 2016 and the six month period ended September 30, 2016, there has been a default in the payment of principal amount including the unpaid interest, on a consolidated basis aggregating to ₹ 8.57 million and ₹ 203.42 million, respectively. See “*Risk Factors - The examination reports on our Company’s Restated Consolidated Financial Statements and Restated Standalone Financial Statements contain certain emphasis of matters. We cannot assure you that such emphasis of matters for any fiscal periods will not affect our results of operations in such future fiscal.*”, “*Financial Indebtedness*” and “*Financial Statements*” on pages 18, 316 and 184 respectively. Further, none of our loans has been converted into Equity Shares.

### **Lock Outs and Strikes**

As on the date of this Draft Red Herring Prospectus, there have been no lock outs or strikes at any of the manufacturing units of our Company.

### **Time and Cost Overruns**

There has been no time or cost overrun in the setting up of any of the manufacturing units of our Company.

### **Holding Company**

As on the date of this Draft Red Herring Prospectus, GGL is the holding company of our Company. For details of GGL, see “*Our Promoters and Group Companies*” on page 159.

### **Our Subsidiaries**

Our Company currently has three Subsidiaries, as described below.

#### **Details of our Subsidiaries**

##### **1. GILI India Limited (“GILI India”)**

GILI India (formerly known as Gitanjali Jewels Limited) was incorporated under the Companies Act 1956 on March 29, 2001 with the RoC in Mumbai. By way of a resolution passed by its shareholders dated September 30, 2005 name of Gitanjali Jewels Limited was changed to GILI India Limited and a fresh certificate of incorporation was issued on November 10, 2005. GILI India among other things, is authorised to engage in the business of buying, selling, manufacturing, refining, importing and exporting of diamonds, studded jewellery, precious and semi-precious stones, precious and semi-precious metals including gold, silver and platinum and also watches, clocks, leather products and other such lifestyle products and accessories. The board of directors of GILI India comprises:

S. No	Name of Directors	Designation
1.	Mr. Dhanesh Sheth	Managing Director
2.	Mr. A. Shivaraman Nair	Non-Executive Director
3	Mr. Dinesh Bhatia	Independent Director
4.	Ms. Nazura Ajaney	Independent Director

The authorised share capital of GILI India is ₹ 75 million divided into 6,600,000 equity shares of ₹ 10 each and 900,000 non-cumulative redeemable preference shares of ₹ 10 each. The paid up capital of GILI India is ₹ 66 million of which our Company holds 6,600,000 equity shares (including equity shares held by its nominees) i.e. 100.00% of the paid up share capital of GILI India.

GILI India became a wholly owned subsidiary of our Company on August 10, 2011 pursuant to a transfer of a total of 6,600,000 equity shares of ₹ 10 each to our Company from GGL for a consideration of ₹ 880 million. The following individuals, each of whom held a share in GILI India as nominees of GGL continued to hold shares, now as nominees of our Company: Mr. Mehul Choksi, Mr. Nishit Mehta (subsequently transferred to Mr. Jignesh Shah), Mr. Amrish Masalia (subsequently transferred to Mr. Dhanesh Sheth), Mr. Sudhir Mehta, Ms. Priti Choski and Mr. A. Shivaraman Nair.

***Share Purchase Agreement dated August 10, 2011 between GGL, GILI India and our Company (the “GILI India SPA”)***

The parties have entered into the GILI India SPA to record the sale of equity shares from GGL to our Company aggregating to ₹ 66 million divided into 6,600,000 equity shares of ₹ 10 each, constituting 100% of the then paid up share capital of GILI India for an aggregate sale consideration of ₹ 880 million pursuant to which GILI India became a wholly owned subsidiary of our Company.

**Shareholding Pattern**

The shareholding pattern of GILI India is as follows:

S. No.	Name of Shareholder	No. of Shares	Nominal Value	Total Amount (₹)
1.	Nakshatra World Limited	6,599,994	10	65,999,940
2.	Mr. Mehul Choksi*	1	10	10
3.	Mr. Jignesh Shah*	1	10	10
4.	Mr. Dhanesh Sheth*	1	10	10
5.	Mr. Sudhir Mehta*	1	10	10
6.	Ms. Priti Choksi*	1	10	10
7.	Mr. A. Shivaraman Nair*	1	10	10
<b>Total</b>		<b>6,600,000</b>		<b>66,000,000</b>

\*As a nominee of our Company.

**2. Bezel Jewellery (India) Private Limited (“Bezel Jewellery”)**

Bezel Jewellery was incorporated under the Companies Act 1956 on September 23, 2003 with the RoC in Mumbai. Pursuant to the resolution passed by its shareholders at their EGM on May 23, 2016, under the name D'Damas Jewellery (India) Private Limited the name of the company changed to Bezel Jewellery (India) Private Limited and fresh certificate of incorporation was issued on June 8, 2016. Bezel Jewellery among other things, is authorised to engage in the business of buying, selling, refining, importing and exporting of diamonds, precious and semi-precious stones, precious and semi-precious metals and the manufacturing of jewellery and ornaments of all kinds. The board of directors of Bezel Jewellery comprises:

S. No	Name of Directors	Designation
1.	Mr. Mehul Choksi	Non Executive Director
2.	Ms. Chetna Jhaveri	Non Executive Director
3.	Mr. Dinesh Bhatia	Independent Director
4.	Mr. Anil Haldipur	Independent Director

\* Bezel Jewellery is yet to appoint a managing director and a chief financial officer, as required under Section 203 of the Companies Act 2013 and applicable rules. See, “Risk Factors - There have been certain instances of non-compliance of provisions of the Companies Act, 2013 by our Company and our Subsidiaries and our Company has made applications for compounding of offences in relation such to non-compliances. There can be no assurance that the RoC and/or the National Company Law Tribunal will not take an adverse view and impose penalties on our Company or our Subsidiaries in this regard.” on page 26.

The authorised share capital of Bezel Jewellery is ₹ 300 million divided into 6,000,000 equity shares of ₹ 10 each and 2,400,000 non-cumulative redeemable preference shares of ₹ 100 each. The paid up capital of Bezel is ₹ 250.78 million.



Bezel Jewellery became a subsidiary of our Company on August 10, 2011 pursuant to a transfer of a total of 2,602,050 equity shares of ₹ 10.00 each to our Company from GGL for a consideration of ₹ 40.75 million. Thereafter, our Company appointed the following persons as nominee shareholders of Bezel Jewellery: Mr. Mehul Choksi, Mr. Nishit Mehta (subsequently transferred to Mr. Jignesh Shah), Mr. Dhanesh Sheth, Mr. Sudhir Mehta, Ms. Priti Choksi and Mr. A. Shivaraman Nair. Subsequent to the settlement agreement dated July 21, 2016 between Damas Jewellery LLC, Bezel Jewellery, our Company and others, 2,500,000 equity shares held by Damas Jewellery LLC were transferred to our Company. Subsequently our Company holds 5,102,050 equity shares (including equity shares held by its nominees) i.e., 100% of the paid up equity share capital of Bezel Jewellery.

Further, 10,18,795 preference shares of Bezel Jewellery are held by GGL amounting to ₹ 101.88 million while Damas Jewellery LLC holds 9,78,840 preference shares amounting to ₹ 97.88 million.

***Share Purchase Agreement dated August 10, 2011 between GGL, Bezel Jewellery (then known as D'Damas Jewellery (India) Private Limited) and our Company (the "Bezel Jewellery SPA")***

The parties had entered into the Bezel Jewellery SPA to record the sale of equity shares from GGL to our Company aggregating to 2,602,050 equity shares of ₹ 10 each, constituting 51% of the then paid up equity share capital of Bezel Jewellery for an aggregate sale consideration of ₹ 40.75 million, pursuant to which it became a subsidiary of our Company.

***Settlement Agreement dated July 21, 2016 between Damas Jewellery LLC, Bezel Jewellery, Partha Gems LLP, our Company, GGL, Mr. Mehul Choksi and Mast Jewellery Distributors LLP (the "Settlement Deed")***

The parties had entered into the Settlement Deed in order to settle certain claims made by Damas Jewellery LLC in suit no. 198 of 2016 before the High Court of Bombay with respect to infringement of some its registered trademarks against Bezel Jewellery, Partha Gems LLP, our Company, GGL, Mr. Mehul Choksi and Mast Jewellery Distributors LLP. Pursuant to the terms of settlement arrived at by the parties in the suit, the parties agreed to assign their rights in respect of certain trademarks to Damas Jewellery LLC and withdraw applications in respect of certain other trademarks while Damas Jewellery LLC in consideration of the above promises agreed to transfer its entire shareholding in Bezel Jewellery.

**Shareholding Pattern**

The shareholding pattern of Bezel Jewellery is as follows:

S. No.	Name of Shareholder	No. of Shares	Nominal Value	Total Amount (₹)
<b>Equity shares</b>				
1.	Nakshatra World Limited	5,102,044	10	51,020,440
2.	Mr. Mehul Choksi*	1	10	10
3.	Mr. Jignesh Shah*	1	10	10
4.	Mr. Dhanesh Sheth*	1	10	10
5.	Mr. Sudhir Mehta*	1	10	10
6.	Ms. Priti Choksi*	1	10	10
7.	Mr. A. Shivaraman Nair*	1	10	10
<b>Sub Total (A)</b>		<b>5,102,050</b>		<b>51,020,500</b>
<b>Preference shares</b>				
1.	GGL	10,18,795	100	10,18,79,500
2.	Damas Jewellery LLC	9,78,840	100	9,78,84,000
<b>Sub Total (B)</b>				<b>19,97,63,500</b>
<b>Total (A) + B</b>				<b>25,07,84,000</b>

\*As a nominee of our Company.



### 3. Nakshatra Brands Limited (“Nakshatra Brands”)

Nakshatra Brands Limited (originally known as Brightest Circle Jewellery Private Limited) was incorporated under the Companies Act 1956 on May 19, 2004 with the RoC in Mumbai. Pursuant to a resolution dated December 6, 2010 passed at their EGM, the company was converted into a public limited company and a fresh certificate of incorporation changing the name to Brightest Circle Jewellery Limited was issued on December 24, 2010. Thereafter, the name of the company was changed to Nakshatra Brands Limited by a special resolution dated January 3, 2013 passed at their EGM and a fresh certificate of incorporation was issued on January 9, 2013. Nakshatra Brands, among other things, is authorised to engage in the business of manufacturing, importing and exporting, dealing, distribution and wholesale of diamonds, precious and semi-precious stones, studded jewellery, precious and semi-precious metals, such as gold, silver and platinum etc. The board of directors of Nakshatra Brands comprises:

S. No	Name of Directors	Designation
1.	Mr. Dhanesh Sheth	Non Executive Director
2.	Ms. Jyoti Vora	Non Executive Director
3.	Mr. Dinesh Bhatia	Independent Director
4.	Mr. Anil Haldipur	Independent Director

The authorised share capital of Nakshatra Brands is ₹ 223.40 million divided into 21,350,000 equity shares of ₹ 10 each, amounting to ₹ 213.50 million and 990,000 9.00% non-cumulative redeemable preference shares of ₹ 10.00 each amounting to ₹ 9.90 million. The paid-up capital of Nakshatra Brands is ₹ 40.60 million of which our Company holds 4,059,815 equity shares (including equity shares held by its nominees) i.e. 100% of the paid up share capital of Nakshatra.

Nakshatra Brands became a wholly owned subsidiary of our company on August 10, 2011 pursuant to a transfer of a total of 2,750,000 equity shares of ₹ 10 each to our Company from GGL for a consideration of ₹ 523.48 million. The following individuals, each of whom held a share in Nakshatra Brands as nominees of GGL, continued now as nominees of our Company: Mr. Mehul Choksi, Mr. Nishit Mehta (subsequently transferred to Mr. Jignesh Shah), Mr. Dhanesh Sheth, Mr. Sudhir Mehta, Ms. Priti Choski and Mr. A. Shivaraman Nair.

#### Shareholding Pattern

The shareholding pattern of Nakshatra Brands is as follows:

S. No.	Name of Shareholder	No. of Shares	Nominal Value	Total Amount (₹)
1.	Nakshatra World Limited	4,059,809	10	40,598,090
2.	Mr. Mehul Choksi*	1	10	10
3.	Mr. Jignesh Shah*	1	10	10
4.	Mr. Dhanesh Sheth*	1	10	10
5.	Mr. Sudhir Mehta*	1	10	10
6.	Ms. Priti Choksi*	1	10	10
7.	Mr. A. Shivaraman Nair*	1	10	10
<b>Total</b>		<b>4,059,815</b>		<b>40,598,150</b>

\*As a nominee of our Company.

#### ***Scheme of amalgamation between Alliance Jewelleries Private Limited (“Alliance”), Pink Jewellery Private Limited (“Pink”), their respective shareholders and Nakshatra Brands (then known as Brightest Circle Jewellery Private Limited)***

Nakshatra Brands entered into a scheme of amalgamation with Alliance and Pink, both wholly owned subsidiaries of Nakshatra Brands (the “**Alliance-Pink Scheme**”), which was sanctioned by the High Court of Bombay pursuant to its order dated April 15, 2011. The appointed date of the Alliance-Pink Scheme was April 1, 2010.

Upon the Alliance-Pink Scheme becoming effective on May 17, 2011, all of the business and undertakings of Alliance and Pink, including all their respective assets, properties, interests, debts and liabilities along with the

reserves stood transferred to and vested in Nakshatra Brands. Pursuant to the amalgamation, since Alliance and Pink were wholly owned subsidiaries of Nakshatra Brands, the equity shares of Alliance and Pink held by Nakshatra Brands automatically stood cancelled, i.e., no shares were issued as consideration for the amalgamation. There was no change in the authorized, issued, subscribed and paid-up capital equity share capital of Nakshatra Brands.

***Share Purchase Agreement dated August 10, 2011 between GGL, Nakshatra Brands (then known as Brightest Circle Jewellery Limited) and our Company ("Nakshatra Brands SPA")***

The parties had entered into the Nakshatra Brands SPA to record the sale of equity shares from GGL to our Company aggregating to 2,750,000 equity shares of ₹ 10 each, constituting 100% of the then paid up share capital of Nakshatra Brands for an aggregate sale consideration of ₹ 523.48 million, pursuant to which Nakshatra Brands became a wholly owned subsidiary of our Company.

***Scheme of amalgamation between Asmi Jewellery India Limited ("Asmi"), Spectrum Jewellery Limited ("Spectrum"), their respective shareholders and Nakshatra Brands***

Pursuant to a board resolution dated April 21, 2015, Nakshatra Brands entered into a scheme of amalgamation with Asmi and Spectrum (the "**Asmi-Spectrum Scheme**"), which was sanctioned by the High Court of Bombay pursuant to its order dated April 22, 2016. The appointed date of the Asmi-Spectrum Scheme was April 1, 2014.

Upon the Asmi-Spectrum Scheme becoming effective i.e. July 7, 2016, all of the business and undertaking of Asmi and Spectrum, including all their assets, properties, interests, debts and liabilities along with the reserves stood transferred to and vested in Nakshatra Brands.

Pursuant to the scheme, the authorized share capital of Nakshatra Brands stood increased as following:

- (i) by the authorized share capital of Asmi amounting to ₹ 180 million comprising 17,700,000 equity shares of ₹ 10 each and 300,000 9% non-cumulative redeemable preference shares capital of ₹ 10 each; and
- (ii) the authorized share capital of Spectrum amounting to ₹ 9 million comprising 900,000 equity shares of ₹ 10 each.

As a result of this merger, the authorized share capital of Nakshatra Brands stood increased to ₹ 223.40 million classified into 21,350,000 equity shares of ₹ 10 each amounting to ₹ 213.50 million and 990,000 9.00% non-cumulative redeemable preference shares of ₹ 10 each amounting to ₹ 9.90 million.

Pursuant to the merger, Nakshatra Brands issued and allotted:

- (i) for every 100 fully paid up equity shares of ₹ 10 each held in Asmi, 146.55 fully paid up equity shares of ₹ 10 each of Nakshatra Brands, at a premium of ₹ 4,467.88 per share to the shareholders of Asmi, and
- (ii) for every 100 fully paid up equity shares of ₹ 10 each held in Spectrum, 128.28 fully paid up equity shares of ₹ 10 each of Nakshatra Brands, at a premium of ₹ 4,467.88 per share to the shareholders of Spectrum.

**Collaboration Agreements**

As on the date of this Draft Red Herring Prospectus, our Company is not a party to any collaboration agreements.

**Shareholders' Agreements**

As on the date of this Draft Red Herring Prospectus, our Company does not have any shareholders' agreement.

**Sale of Shares of our Subsidiaries**

Except for the equity shares issued and allotted by Nakshatra Brands pursuant to the Asmi-Spectrum Scheme, there has been no sale of shares of our Subsidiaries during the six months preceding the date of this Draft Red Herring Prospectus. See “ – *Scheme of amalgamation between Asmi Jewellery India Limited (“Asmi”), Spectrum Jewellery Limited (“Spectrum”), their respective shareholders and Nakshatra Brands*” on page 145. Neither our Promoters, nor the members of our Promoter Group or our Directors or their relatives have sold or purchased securities of our Subsidiaries during the six months preceding the date of this Draft Red Herring Prospectus.

#### **Shareholding of our Directors in our Subsidiaries**

Except Mr. Mehul Choksi who hold shares of our subsidiary companies as nominees, none of our Directors holds any equity shares in any of our Subsidiaries as on the date of this Draft Red Herring Prospectus.

#### **Significant Sales or Purchases between our Company and our Subsidiaries**

Except as disclosed in “*Related Party Transactions*” on page 182 and Annexure 41 of our Restated Audited Consolidated Financial Statements, on page 271, our Subsidiaries are not involved in any sales or purchases with our Company where such sales or purchases exceed, in the aggregate, of 10% of the total sales or purchases of our Company.

#### **Common Pursuits**

All our Subsidiaries are permitted by their constitutional documents to engage in activities similar to that of our Company. Our Company will adopt the necessary procedures and practices as permitted by law to address any conflict situation as and when they may arise.

#### **Business Interests between our Company and our Subsidiaries**

Except as disclosed in “*Our Business*” and “*Related Party Transactions*” and Annexure 41 to our Restated Audited Consolidated Financial Statements on pages 120 and 271 respectively, there are no business interests between our Company and our Subsidiaries.

#### **Other Confirmations**

None of our Subsidiaries (i) is listed on any stock exchange in India or abroad; (ii) has become a sick company under the meaning of Sick Industrial Companies (Special Provisions) Act, 1985; or (iii) are not under winding up. There are no accumulated profits or losses of our Subsidiaries not accounted for by our Company.

#### **Joint Ventures of our Company**

Our Company has not entered into any other joint venture agreements as on the date of this Draft Red Herring Prospectus.

#### **Other Material Agreements**

See “– *Details of our Subsidiaries*” on page 141.

#### **Strategic and Financial Partners**

As on the date of this Draft Red Herring Prospectus, our Company does not have any strategic or financial partners.

## OUR MANAGEMENT

Under our Articles of Association, our Company is required to have not less than three Directors and not more than 15 Directors. As on the date of this Draft Red Herring Prospectus, we have four Directors on our Board, comprising one Executive Director, one Non-Executive Director and two Independent Directors. Further, our Board has one woman Director who is an Independent Director as on the date of this Draft Red Herring Prospectus.

Set forth below are details regarding our Board as on the date of this Draft Red Herring Prospectus:

Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other Directorships
<b>Mr. Mehul Choksi</b>  <i>Designation:</i> Chairman and Managing Director <i>Address:</i> Gokul Apartments, 99/9 <sup>th</sup> and 10 <sup>th</sup> floor Near White House, Walkeshwar, Mumbai 400 006 <i>Occupation:</i> Business <i>Nationality:</i> Indian <i>Term:</i> Five years from October 1, 2016 to September 30, 2021 <i>DIN:</i> 00060099	57	<i>Indian public limited companies</i> <ol style="list-style-type: none"> <li>1. Gitanjali Gems Limited;</li> <li>2. Gitanjali Jewellery Retail Limited;</li> <li>3. Gitanjali Infratech Limited;</li> <li>4. Gitanjali Lifestyle Limited; and</li> <li>5. MMTC Gitanjali Limited.</li> </ol> <i>Indian private limited companies</i> <ol style="list-style-type: none"> <li>1. Bezel Jewellery (India) Private Limited;</li> <li>2. Coronet Gems Private Limited;</li> <li>3. Joyce Trading Private Limited;</li> <li>4. LJOW Private Limited;</li> <li>5. Lustre Industries Private Limited;</li> <li>6. Naviraj Estates Private Limited; and</li> <li>7. Rohan Mercantile Private Limited.</li> </ol> <i>Foreign companies</i> <ol style="list-style-type: none"> <li>1. Aston Luxury Group Limited;</li> <li>2. Gitanjali USA Inc.;</li> <li>3. Gitanjali Ventures DMCC;</li> <li>4. Leading Italian Jewels SRL;</li> <li>5. Merlin Luxury Group Pte Ltd; and</li> <li>6. Samuels Jewelers Inc.</li> </ol>
<b>Mr. Milind Limaye</b>  <i>Designation:</i> Non-Executive Director <i>Address:</i> A-1/302, Kalpita Enclave, Sahar Road, Andheri (East), Mumbai 400 069 <i>Occupation:</i> Service <i>Nationality:</i> Indian <i>Term:</i> Retirement by rotation <i>DIN:</i> 06807577	52	<i>Indian public limited companies</i> <ol style="list-style-type: none"> <li>1. Hyderabad Gems SEZ Limited;</li> <li>2. Jewelsouk Marketplace Limited;</li> <li>3. MMTC Gitanjali Limited;</li> <li>4. Maya Retail Limited;</li> <li>5. Nashik Multi Services SEZ Limited; and</li> <li>6. Vidarbha Multi Products SEZ Limited.</li> </ol> <i>Indian private limited companies</i> <ol style="list-style-type: none"> <li>1. Eureka Finstock Private Limited;</li> <li>2. Decent Securities and Finance Private Limited;</li> <li>3. Ivida Technologies Private Limited;</li> <li>4. MobileNXT Teleservices Private Limited; and</li> </ol>

Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other Directorships
		5. Shubalavanyaa Jewel Crafts Private Limited.
<b>Ms. Nazura Ajaney</b> <i>Designation:</i> Independent Director <i>Address:</i> 12-H6, Mars Society, Kalyani Nagar, Pune City, Pune 411 006 <i>Occupation:</i> Business <i>Nationality:</i> Indian <i>Term:</i> Five years with effect from December 15, 2016 to December 14, 2021 <i>DIN:</i> 06947881	46	<i>Indian public limited companies</i> 1. Gitanjali Gems Limited; 2. GILI India Limited; and 3. Menon Bearings Limited.  <i>Indian private limited companies</i> 1. Five Elements Advisors Private Limited
<b>Mr. Anil Haldipur</b> <i>Designation:</i> Independent Director <i>Address:</i> Flat No. 4-S, Sankul Condominium E'wane, Near Dinanath Hospital, Pune 411 004 <i>Occupation:</i> Retired <i>Nationality:</i> Indian <i>Term:</i> Five years with effect from December 15, 2016 to December 14, 2021 <i>DIN:</i> 07653590	65	<i>Indian public limited companies</i> 1. Nakshatra Brands Limited.  <i>Indian private limited companies</i> 1. Bezel Jewellery (India) Private Limited

#### Relationship between Directors

None of our Directors is related to each other.

#### Brief profiles of our Directors

**Mr. Mehul Choksi**, aged 57 years, is the Chairman and Managing Director of our Company. He holds a bachelor's degree in commerce from the University of Mumbai. He has over three decades of experience in the jewellery industry. He has been on our Board since the month of incorporation of our Company. He has been appointed as the Managing Director of our Company since October 1, 2016 pursuant to a Board resolution dated September 28, 2016. He has also held the position of chairman of the Gems and Jewellery Committee at the Federation of Indian Chambers of Commerce & Industry.

**Mr. Milind Limaye**, aged 52 years, is a Non-Executive Director of our Company. He holds a bachelor's degree in commerce from the University of Mumbai. He also holds a post graduate diploma in management in export / import from Indian Merchant Chamber. He also holds a master's degree of business administration from Institute for Technology and Management, Mumbai. He has 21 years of experience in export import activities, special economic zone liaising and six years of experience in jewellery manufacturing. He was appointed as a Non-Executive Director of our Company pursuant to a Board resolution dated October 24, 2016. In the past, he has also been associated with companies such as Inter Gold India Limited, Tara Ultimo Jewellery Private Limited and Darewala Jewellery Industries Limited.

**Ms. Nazura Ajaney**, aged 46 years, is an Independent Director of our Company. She holds a bachelor's degree in commerce from the University of Pune. She has over 17 years of experience in the field of early childhood education and parent child relationship and she has been involved with a non-governmental organisation 'Helix Aids Foundation' and has wide experience in working for rehabilitation of women and children suffering from HIV/AIDS. She is currently the chief executive officer of 'Childology', an organization which undertakes activities related to corporate social responsibility, where children from underprivileged background are offered targeted intervention to improve their academic grades. She was appointed as a Director of our Company pursuant to a Board resolution dated December 15, 2016.

**Mr. Anil Haldipur**, aged 65 years, is an Independent Director of our Company. He holds a bachelor's degree in science from the University of Mumbai. He has 40 years of experience in the banking and finance sector. He was appointed as a Director of our Company pursuant to a Board resolution dated December 15, 2016. He retired as

an assistant general manager of Canara Bank. He was responsible for the assessment of working capital requirements and assessment of term loan requirement for corporate sectors.

### Terms of appointment of Mr. Mehul Choksi as our Managing Director

Mr. Mehul Choksi has been appointed as a managing director for a period of five consecutive years commencing from October 1, 2016 to September 30, 2021 pursuant to the meeting of our Board of Directors held on September 28, 2016 and confirmed by our shareholders at their EGM held on December 8, 2016. Further, Mr. Mehul Choksi will not draw any remuneration from our Company.

### Remuneration details of our Directors

#### (1) Remuneration details of our Managing Director

For details of remuneration for our Managing Director, see “– *Terms of Appointment of our Managing Director*”, on page 149.

#### (2) Remuneration details of our Independent Directors

Pursuant to a resolution passed by our Board on December 15, 2016 our Independent Directors are entitled to receive sitting fees of ₹ 20,000 for attending each meeting of our Board or Audit Committee. Further, our Independent Directors are entitled to receive sitting fees of ₹ 5,000 for attending each meeting of the Nomination and Remuneration Committee, Stakeholders’ Relationship Committee and CSR Committee. No remuneration is paid to independent directors apart from sitting fees.

No sitting fees or other payments have been made to our present Non-Executive Director, including our Independent Directors, during Fiscal 2016.

### Remuneration paid or payable from our Subsidiaries and our Associates

In Fiscal 2016, no remuneration was paid to any of our Directors by our Subsidiaries or our Associates.

### Shareholding of our Directors

Our Articles of Association do not require our Directors to hold any qualification shares.

The shareholding of the Directors in our Company as on the date of this Draft Red Herring Prospectus is set forth below:

Name of Director	Number of Equity Shares held
Mr. Mehul Choksi <sup>(1)</sup>	50
Mr. Milind Limaye <sup>(1)</sup>	50

<sup>(1)</sup> Nominee of GGL

### Shareholding of our Directors in our Subsidiaries

The shareholding of our Directors in our Subsidiaries is set forth below:

#### 1. Mr. Mehul Choksi

Name of Subsidiary	Number of equity shares	Percentage shareholding (%)
GILI India	1*	Negligible
Bezel Jewellery	1*	Negligible
Nakshatra Brands	1*	Negligible

\* As a nominee of our Company

### **Service contracts with Directors**

None of our Directors has entered into any service contract which provides for benefits on termination of employment.

### **Interest of Directors**

#### *Remuneration*

Our Directors may be deemed to be interested to the extent of the remuneration paid to them for services rendered as a Director of our Company and reimbursement of expenses payable to them. Our Directors may also be deemed to be interested to the extent of any dividend that may be payable to them and other distributions in respect of any Equity Shares held by them. For details see “– **Remuneration of our Directors**” on page 149.

#### *Interest in property*

Our Directors have no interest in any property acquired by our Company within the two years preceding the date of this Draft Red Herring Prospectus, or presently intended to be acquired by our Company.

#### *Loans to Directors*

There are no loans that have been availed of by our Directors from our Company, which are outstanding as on the date of this Draft Red Herring Prospectus.

#### *Payment of benefits*

Except as disclosed in “**Financial Statements**” on page 184, no amount or benefit has been paid or given to any other director within the two years preceding 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.

#### *Appointment of relatives to a place of profit*

None of the relatives of any of our Directors has been appointed to an office or place of profit with our Company or any of our Subsidiaries.

Except as stated above under “**Our Management – Interest of Directors**” and in “**Financial Statements**” on pages 150 and 184 respectively, our Directors do not have any interest in the business of our Company.

#### *Interest in promotion of our Company*

Except Mr. Mehul Choksi, who is Promoter of our Company, our Directors have no interest in promotion of our Company, as on date of this Draft Red Herring Prospectus. For details see “**Our Promoter and Group Companies – Interests of our Promoters**” on page 161.

### **Bonus or profit sharing plan for the Directors**

Our Company does not have a bonus or profit sharing plan for our Directors.

### **Directorships of Directors in listed companies**

Our Directors are not, and for the five years prior to the date of filing this Draft Red Herring Prospectus, have not been on the board of any listed company whose shares have been/were suspended from trading on BSE or NSE.

None of our Directors has been or is a director on the board of any listed companies whose equity shares were delisted from any stock exchange(s).

For details of our Directors’ association with the securities market, see “**Other Regulatory and Statutory Disclosures**” on page 350.



### Changes in our Board during the last three years

The changes in our Board during the three years immediately preceding the date of this Draft Red Herring Prospectus are as follows:

Name of Director	Date of appointment / re-appointment	Date of cessation	Reasons for change
Mr. Manoj Kumar Bavakad	May 20, 2009	May 22, 2014	Ceased to be Managing Director as well as a Director
Mr. Dhanesh Sheth	January 13, 2011	December 30, 2016	Ceased to be Non-Executive Director
Mr. Aniyath Shivraman Nair	May 22, 2014	October 29, 2014	Ceased to be Non-Executive Director
Ms. Jyoti Vora	October 29, 2014	December 30, 2016	Ceased to be Non-Executive Director
Ms. Lata Saraiya	June 30, 2015	October 19, 2015	Ceased to be Independent Director
Mr. Dinesh Bhatia	June 30, 2015	November 30, 2016	Ceased to be Independent Director
Mr. Milind Limaye	October 24, 2016	-	Appointed as Non-Executive Director
Ms. Nazura Ajaney	December 15, 2016	-	Appointed as Independent Director
Mr. Anil Haldipur	December 15, 2016	-	Appointed as Independent Director

### Borrowing Powers

Our Articles of Association, subject to applicable law, authorize our Board of Directors to raise or borrow money or secure the payment of any sum of money for the purposes of our Company. Pursuant to a resolution passed by our Board at their meeting held on November 26, 2016 and a special resolution passed by our shareholders at their EGM held on December 8, 2016, our shareholders have authorized our Board of Directors to borrow, from time to time such sum of money as may be required, provided that such amount shall not exceed ₹ 25,000 million.

### Corporate Governance

The provisions of the SEBI Listing Regulations with respect to corporate governance will be applicable to us immediately on the listing of our Equity Shares on the Stock Exchanges. We are in compliance with the requirements of the applicable regulations, including the Companies Act 2013, the SEBI Listing Regulations and the SEBI ICDR Regulations, in respect of corporate governance including the constitution of our Board and committees thereof.

Our Board and the committees thereof have been constituted in compliance with the provisions of the Companies Act 2013 and the SEBI Listing Regulations.

As on the date of this Draft Red Herring Prospectus, we have four Directors on our Board, comprising one Executive Director, one Non-Executive Director and two Independent Directors. Our Board includes one woman director as on the date of this Draft Red Herring Prospectus.

### Board-level committees

In terms of the SEBI Listing Regulations and the Companies Act 2013, our Company has constituted the following Board-level statutory committees:

- Audit Committee;
- Nomination and Remuneration Committee;
- Stakeholders' Relationship Committee; and
- Corporate Social Responsibility Committee.

### ***Audit Committee***

Our Audit Committee was constituted by a Board resolution dated May 20, 2009. The charter of our Audit Committee is in accordance with the provisions of Section 177 of the Companies Act, and Regulation 18(3) of Listing Regulations. Our Audit Committee was last re-constituted pursuant to a resolution of our Board dated December 15, 2016 and comprises:

<b>Name</b>	<b>Position on the committee</b>	<b>Designation</b>
Mr. Anil Haldipur	Chairman	Independent Director
Ms. Nazura Ajaney	Member	Independent Director
Mr. Mehul Choksi	Member	Chairman and Managing Director

Mr. Saurabh Deshpande, our Company Secretary and Compliance Officer, is the secretary to the Audit Committee.

#### ***A. Powers of the Audit Committee:***

The powers of the Audit Committee include the following:

- (a) to investigate any activity within its terms of reference;
- (b) to seek information from any employee of our Company;
- (c) to obtain outside legal or other professional advice; and
- (d) to secure attendance of outsiders with relevant expertise, if it considers necessary.

#### ***B. Role of the Audit Committee:***

The role of the Audit Committee includes:

- (a) oversight of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- (b) recommendation for appointment, remuneration and terms of appointment of auditors of our Company;
- (c) approval of payment to statutory auditors for any other services rendered by the statutory auditors of our Company;
- (d) reviewing, with the management, annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-Section 3 of Section 134 of the Companies Act 2013;
  - changes, if any, in accounting policies and practices and reasons for the same;
  - major accounting entries involving estimates based on the exercise of judgment by the management of our Company;
  - significant adjustments made in the financial statements arising out of audit findings;
  - compliance with listing and other legal requirements relating to financial statements
  - disclosure of any related party transactions; and
  - modified opinion in the draft audit report.

- (e) reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- (f) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- (g) reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
- (h) approval or any subsequent modification of transactions of our Company with related parties;
- (i) scrutiny of inter-corporate loans and investments;
- (j) valuation of undertakings or assets of our Company, wherever it is necessary;
- (k) evaluation of internal financial controls and risk management systems;
- (l) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (m) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (n) discussion with internal auditors of any significant findings and follow up there on;
- (o) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (p) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (q) examining the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (r) reviewing the functioning of the whistle blower mechanism;
- (s) approval of the appointment of the Chief Financial Officer of our Company after assessing the qualifications, experience and background, etc. of the candidate; and
- (t) carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

*C. Mandatory review by the Audit Committee*

The Audit Committee is required to mandatorily review the following information:

- (a) management discussion and analysis of financial condition and results of operations;
- (b) statement of significant related party transactions (as defined by the Audit Committee), submitted by the management of our Company;
- (c) management letters / letters of internal control weaknesses issued by the statutory auditors of our Company;

- (d) internal audit reports relating to internal control weaknesses;
- (e) the appointment, removal and terms of remuneration of the chief internal auditor; and
- (f) statement of deviations:
  - a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to the stock exchanges in terms of sub-regulation (1) of Regulation 32 of the SEBI Listing Regulations; and
  - b. annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of sub-Regulation (7) of Regulation 32 of the SEBI Listing Regulations.

The Audit Committee is required to meet at least four times a year and not more than one hundred twenty days should elapse between two meetings. The quorum is either two members or one third of the members of the Audit Committee whichever is greater, provided that a minimum of two independent members are present.

#### ***Nomination and Remuneration Committee***

Our Nomination and Remuneration Committee was constituted by a Board resolution dated June 30, 2015. Our Nomination and Remuneration Committee was last re-constituted pursuant to a Board resolution dated December 15, 2016 and comprises:

Name	Position on the committee	Designation
Mr. Anil Haldipur	Chairman	Independent Director
Ms. Nazura Ajaney	Member	Independent Director
Mr. Milind Limaye	Member	Non-Executive Director

Mr. Saurabh Deshpande, our Company Secretary and Compliance Officer, is the secretary to Nomination and Remuneration Committee.

*Scope and terms of reference:* The terms of reference of the Nomination and Remuneration Committee include:

- (a) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to our Board a policy relating to, the remuneration of our directors, key managerial personnel and other employees;
- (b) formulation of criteria for evaluation of performance of independent directors and our Board;
- (c) devising a policy on Board diversity;
- (d) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to our Board their appointment and removal; and
- (e) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

#### ***Stakeholders' Relationship Committee***

Our Stakeholders' Relationship Committee was constituted pursuant to a resolution of our Board dated December 15, 2016. The Stakeholders' Relationship Committee comprises:

Name	Position on the committee	Designation
Ms. Nazura Ajaney	Chairperson	Independent Director
Mr. Anil Haldipur	Member	Independent Director

Mr. Saurabh Deshpande, our Company Secretary and Compliance Officer, is the secretary to the Stakeholders' Relationship Committee.

*Scope and terms of reference:* The terms of reference of the Stakeholders' Relationship Committee include:

- (a) attending to requests from the shareholders for transfer / transmission of shares and all matters incidental or related thereto;
- (b) attending to requests from the shareholders for demat/ remat of shares;
- (c) considering and resolving grievances of the security holders of the Company, including complaints related to the transfer of shares, non-receipt of annual report and non-receipt of declared dividends;
- (d) attending complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
- (e) attending to issue of duplicate certificates and new certificates on split / consolidation / renewal; and
- (f) carrying out such other functions as may be prescribed under the Listing Regulations and any other applicable statutory rules and regulations.

#### ***Corporate Social Responsibility ("CSR") Committee***

Our CSR Committee was constituted pursuant to a Board resolution dated June 30, 2015. Our CSR Committee was re-constituted pursuant to a Board resolution dated December 15, 2016. The CSR Committee comprises:

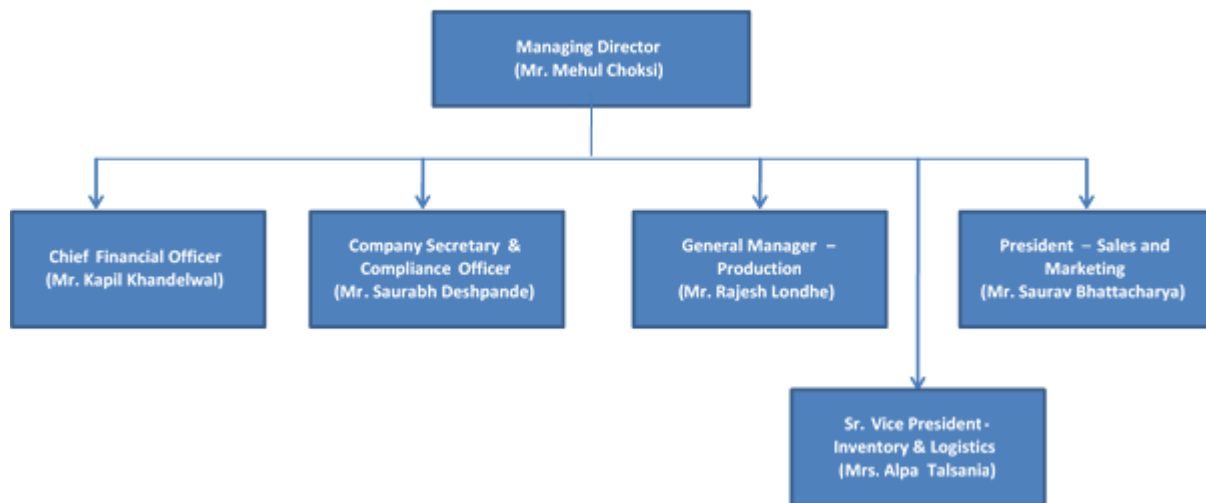
Name	Position on the committee	Designation
Ms. Nazura Ajaney	Chairperson	Independent Director
Mr. Anil Haldipur	Member	Independent Director
Mr. Mehul Choksi	Member	Chairman and Managing Director

Mr. Saurabh Deshpande, our Company Secretary and Compliance Officer, is the secretary to the CSR Committee.

*Scope and terms of reference:* The terms of reference of the CSR Committee shall include:

- (a) formulate and recommend to our Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by our Company as specified in Schedule VII to the Companies Act 2013;
- (b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a) of sub-section (3) of Section 135 of the Companies Act 2013; and
- (c) monitor the Corporate Social Responsibility Policy of our Company from time to time.

## Management organization structure



## Key Management Personnel

Set forth below are the details of our Key Management Personnel as prescribed under the Companies Act 2013, in addition to Mr. Mehul Choksi, our Chairman and Managing Director as on the date of filing of this Draft Red Herring Prospectus. For details of our Chairman and Managing Director, Mr. Mehul Choksi, see “– **Brief Profile of our Directors**” on page 148.

**Mr. Kapil Khandelwal**, aged 44 years, is the CFO of our Company. He has been appointed as the CFO since October 1, 2016 pursuant to Board resolution dated September 28, 2016. He holds a bachelor’s degree in science from Maharshi Dayanand Saraswati University, Ajmer. He is a member of the ICAI and the Institute of Cost and Works Accountants of India. He has 19 years of professional experience in the field of fund sourcing, strategic financial planning, accounting and financial management. Prior to joining our Company, he held various positions in GGL, such as Joint President Banking and Finance, Chief Financial Officer and Vice-President – Finance and Accounts. He has also held the position of deputy general manager – finance at D.B. Corp Limited and senior manager at Welspun Gujarat Stahl Rohren Limited. He was also associated with Aditya Birla Nuvo Limited where he was responsible for financial accounting analysis.

**Mr. Saurabh Deshpande**, aged 33 years, is the Company Secretary and has been appointed as the Compliance Officer of our Company. He has been appointed as the Company Secretary of our Company since October 6, 2016 pursuant to a Board resolution dated September 28, 2016. He has been appointed as the Compliance Officer pursuant to a Board resolution dated October 24, 2016. He holds a bachelor’s degree in commerce from the University of Mumbai along with a bachelor’s degree in law from the University of Mumbai and is also an associate member of Institute of Company Secretaries of India. He has 10 years of experience in the field of secretarial and compliance matters. Prior to joining our Company, he was Company Secretary of GILI India. In the past, he has held a post of Company Secretary of Gitanjali Exports Corporation Limited and was also associated with Essel Infraprojects Limited as an Assistant Manager- Company Secretary.

Set forth below are the details of our Key Management Personnel in terms of the SEBI ICDR Regulations:

**Mr. Saurav Bhattacharya**, aged 46 years, is the President – Sales and Marketing of our Company. He holds a bachelor’s degree in electrical and electronics engineering from Nagarjuna University. He has 24 years of experience in the field of business leadership and marketing. Prior to joining our Company on December 1, 2016, he was associated with GGL, as Group President - Sales and Marketing. He was also associated with Sahara India Pariwar, where he held the position of Executive Director. He has also been associated with Visa Inc, as the Marketing Director for the South Asia region. He has also been associated with Raymond Limited as the Business Director for the FMCG division. He has also been associated with Hindustan Lever Limited as a Brand Activation Manager.

**Ms. Alpa Talsania**, aged 43 years, is the Senior Vice President for the Inventory and Logistics of our Company. She holds a bachelor's degree in commerce from the University of Mumbai. She is also a qualified chartered accountant. She has 20 years of experience in the field of commodities, audit and accounts. Prior to joining our Company on December 1, 2016, she was associated with GGL as the Chief Operating Officer – pay per click, gold and customer service department. She has also held the position of Manager - Commodities at Mangal Keshav and Head - Marketing at Gemplus Jewellery India Limited. She was also associated with M. A. Parikh & Company where she was responsible for accounting and audit.

**Mr. Rajesh Londhe**, aged 44 years, is the General Manager - Production of our Company. He holds a diploma in production engineering from Angel Technical College, Mumbai. He has 23 years of experience in manufacturing industry. Prior to joining our Company on December 1, 2016, he was associated with GGL and Ciemme Jewels, as the General Manager for the production division. Further, he has also held managerial positions in the production and manufacturing divisions of various factories such as G.V. Jewels, Mumbai, Alliance Jewellery, Mumbai and Alessi of Italy, Jordan.

All of our Key Management Personnel have been appointed to their respective designations after March 31, 2016 by reason of which they have not been paid any remuneration in Fiscal 2016.

All of our Key Management Personnel are permanent employees of our Company.

#### Relationship among Key Management Personnel

None of our Key Management Personnel is related to one another.

#### Changes in Key Management Personnel during the last three years

The changes in our Key Management Personnel during the three years immediately preceding the date of this Draft Red Herring Prospectus are as follows:

Name	Designation	Date of appointment/cessation	Reason
Mr. Vijay Agarwal	Company Secretary	May 2, 2014	Resignation
Mr. Manoj Kumar Bavakad	Managing Director	May 22, 2014	Resignation
Mr. Mihir Joshi	Company Secretary	May 15, 2015	Appointment
Mr. Mihir Joshi	Company Secretary	October 5, 2016	Resignation
Mr. Saurabh Deshpande	Company Secretary	October 6, 2016	Appointment
Mr. Kapil Khandelwal	CFO	October 1, 2016	Appointment
Mr. Mehul Choksi	Managing Director	October 1, 2016	Appointment
Mr. Saurav Bhattacharya	President – Sales and Marketing	December 1, 2016	Appointment
Ms. Alpa Talsania	Senior Vice President – Inventory & Logistics	December 1, 2016	Appointment
Mr. Rajesh Londhe	General Manager - Production	December 1, 2016	Appointment

#### Shareholding of Key Management Personnel

As on the date of this Draft Red Herring Prospectus, except Mr. Mehul Choksi, who holds Equity Shares as a nominee of GGL, none of our Key Management Personnel hold any Equity Shares.

#### Interest of Key Management Personnel

Except Mr. Mehul Choksi, our Promoter, none of our Key Management Personnel have any interest in the business of our Company other than to the extent of the remuneration or benefits to which they are entitled under their terms of appointment. For details see “*Our Promoter and Group Companies – Interest of our Promoters*” on page 161.



Our Key Management Personnel may also be deemed to be interested to the extent of Equity Shares that may be allotted to them, if any, pursuant to this Issue. Such Key Management Personnel 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.

#### *Loans to Key Management Personnel*

There are no loans that have been availed of by our Key Management Personnel from our Company, which are outstanding as on the date of this Draft Red Herring Prospectus.

#### *Contingent and deferred compensation payable to Key Management Personnel*

There is no contingent or deferred compensation payable to our Key Management Personnel, which does not form part of their remuneration.

#### *Service Contracts with Key Management Personnel*

Except statutory benefits on termination of their employment in our Company or superannuation, no officer of our Company including Directors and Key Management Personnel, is entitled to any benefit on termination of employment or superannuation.

#### **Payment of non-salary related benefits to officers of our Company**

Our Company has no bonus or profit sharing plan for our Key Management Personnel.

No amount or benefit has been paid or given to any officer of our Company within the two years preceding the date of filing of this Draft Red Herring Prospectus or is intended to be paid or given, other than in the ordinary course of their employment.

Except as stated in “*Financial Statements*” on page 184, none of the beneficiaries of loans and advances or sundry debtors are related to our Company, our Directors or our Promoter(s).

#### **Employee stock option and stock purchase schemes**

Our Company does not have any profit sharing plans or purchase schemes for our employees.

#### **Arrangement or Understanding with Major Shareholders**

While none of our Directors or Key Management Personnel has been appointed pursuant to any formal arrangement or understanding with major Shareholders, customers, suppliers or others, Mr. Saurav Bhattacharya, Ms. Alpa Talsania and Mr. Rajesh Londhe, who were previously permanent employees of GGL, have been transferred from GGL to our Company, with effect from December 1, 2016, pursuant to their respective transfer letters.


## OUR PROMOTERS AND GROUP COMPANIES

The Promoters of our Company are Mr. Mehul Choksi and GGL.

As on the date of this Draft Red Herring Prospectus, Mr. Mehul Choksi and GGL hold 50 Equity Shares as nominee of GGL and 43,727,635 (including Equity Shares held by all nominees) Equity Shares respectively. GGL hold 100% (including Equity Shares held by all nominees), of our Company's issued and paid-up pre-Issue Equity Share capital. For details of the build-up of our Promoters' shareholding in our Company, see "*Capital Structure*" on page 79.

### I. Details of our Promoters

#### A. Details of our Individual Promoter

	<p><b>Mr. Mehul Choksi</b>, aged 57 years, is our Chairman and Managing Director and a Promoter of our Company.</p> <p>See "<i>Our Management – Brief Profile of our Directors</i>" on page 148.</p> <p>His voter's identification number is MT/04/024/078571.</p> <p>Mr. Mehul Choksi does not hold a driving license.</p> <p>For details of his other directorships, see "<i>Our Management</i>" on page 147.</p>
---	---

We confirm that the PAN, bank account number and passport number of Mr. Mehul Choksi will be submitted to the Stock Exchanges at the time of filing the Draft Red Herring Prospectus.

#### B. Details of our Corporate Promoter

##### Gitanjali Gems Limited

##### *Corporate Information*

GGL was incorporated on August 21, 1986 under the Companies Act 1956 and is registered with the Registrar of Companies, Maharashtra at Mumbai. The registered office of GGL is situated at A-1, 7th Floor, Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra, India. Its corporate identity number is L36911MH1986PLC040689. The equity shares of GGL are listed on BSE and NSE. The principal business of GGL is diamond and jewellery manufacturing including cutting and polishing of diamonds.

GGL is promoted by our Promoter, Mr. Mehul Choksi.

There has not been any change in the management or control of GGL in the three years immediately preceding the filing of this Draft Red Herring Prospectus.

##### *Board of Directors*

The board of directors of GGL comprises:

1. Mr. Mehul Choksi, Chairman and Managing Director;
2. Mr. Dhanesh Sheth, Non-Executive Director;
3. Mr. S. Krishnan, Independent Director; and
4. Ms. Nazura Ajaney, Independent Director.

For details in relation to the shareholding of the directors of GGL in our Company, see "*Capital Structure*" on page 79.

### Shareholding Pattern

The equity shareholding pattern of GGL as on December 31, 2016 is as follows:

Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Share holding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
					No.(a)	As a % of total Shares held(b)	No.(a)	As a % of total Shares held(b)	
(A) Promoter & Promoter Group	5	36,764,923	36,764,923	30.99	20,41,341	5.55	29,138,064	79.26	36,764,923
(B) Public	72,173	81,851,082	81,851,082	69.01	20,510,554	25.06	-	0.00	81,850,023
(C1) Shares underlying DRs	-	-	-	0.00	-	0.00	-	0.00	-
(C2) Shares held by Employee Trust	-	-	-	0.00	-	0.00	-	0.00	-
(C) Non Promoter-Non Public	-	-	-	0.00	-	0.00	-	0.00	-
<b>Grand Total</b>	<b>72,178</b>	<b>118,616,005</b>	<b>118,616,005</b>	<b>100.00</b>	<b>22,551,895</b>	<b>19.01</b>	<b>29,138,064</b>	<b>24.57</b>	<b>118,614,946</b>

### Disclosures in GGL's annual report for Fiscal 2016

The statutory auditors of GGL have added certain emphasis of matter in their audit report on GGL's financial statements for Fiscal 2016. Further, certain observations have been made in the secretarial audit report of GGL for Fiscal 2016. These are as set forth below:

- GGL has extended loans to subsidiaries which are interest free and therefore not in conformity with Section 186 of the Companies Act 2013.
- Non-payment of overdue principal and interest aggregating to ₹ 24.17 million in relation to 12% non-convertible debentures issued to LIC of India. GGL has not created liquid assets as required under Rule 18(7) of the Companies (Share Capital and Debentures) Rules, 2014 in relation to the non-convertible debentures issued to the LIC of India.

- GGL has not filed the annual return on foreign liabilities and assets as required under Foreign Exchange Management Act, 1999 which was to be filed by July 15, 2015.
- In relation to external commercial borrowings availed of from IDBI Bank, as at March 31, 2016, a principle amount of US\$ 2.79 million is overdue.
- In relation to the working capital facilities from the consortium of bankers, as at March 31, 2016, the facilities are overdrawn by ₹ 662.97 million on account of non-servicing of interest.
- As at March 31, 2016, payment of self-assessment tax of ₹ 150.33 million for Fiscal 2013 and ₹ 25.66 million for Fiscal 2015 is outstanding for a period of more than six months.

For more information see *“Risk Factors – The statutory auditors of GGL have added certain emphasis of matter in their audit report on GGL’s financial statements for Fiscal 2016”* on page 36.

Our Company confirms that the PAN, bank account number, the company registration number and address of the RoC where GGL is registered shall be submitted to the Stock Exchanges at the time of filing of this Draft Red Herring Prospectus.

### **Interests of our Promoters**

Our Promoters are interested in our Company to the extent of the Equity Shares held by them and any dividend or other distributions thereon, which may be made by our Company in the future and to the extent of transactions as disclosed in *“Financial Statements”* on page 184. For more information pertaining to our Promoters’ shareholding, see *“Capital Structure”* on page 79.

Except as otherwise disclosed in this Draft Red Herring Prospectus, our Promoters are not interested as a member of any firm or any company and no sum has been paid or agreed to be paid to our Promoters or to such firm or company in cash or shares or otherwise by any person for services rendered by our Promoters or by such firm or company in connection with the promotion or formation of our Company.

Our Promoters may be interested in some of the ventures in India that is or could be involved in any activities similar to those conducted by our Company and our Subsidiaries. Our Company will adopt the necessary procedures and practices as permitted by law to address any conflict situation, in the event or as and when a conflict arises.

Except as stated in *“Financial Statements”* on page 184, our Promoters are not related to any sundry debtors of our Company.

### **Payment of benefits and guarantees given by our Promoters**

Except as stated above and in *“Financial Statements”*, *“Risk Factors”*, and *“Financial Indebtedness”* on pages 184, 18 and 316 respectively:

- a) no benefit or amount has been given or paid by our Company to our Promoters or Promoter Group entities within the two years preceding the date of filing this Draft Red Herring Prospectus or is intended to be paid or given to our Promoters or Promoter Group and consideration for payment of giving the benefit; and
- b) there are no guarantees that have been given by our Promoters in favour of any party for the benefit of our Company.

### **Related Party Transactions**

Our Promoters do not have any interest in any property acquired by our Company or proposed to be acquired by it, or any interest in any transaction by our Company pertaining to acquisition of land, construction of building. Except as disclosed in this Draft Red Herring Prospectus, our Promoters do not have any interest in any transaction by our Company pertaining to supply of machinery within the two years preceding the date of filing of this Draft Red Herring Prospectus.

## Confirmations

There has been no litigation or legal action pending or taken by any department of the GoI or statutory authority against our Promoters during the five years preceding the date of this Draft Red Herring Prospectus, except as disclosed under “*Outstanding Litigation and Material Developments – Litigation involving our Promoter*” on page 330.

Our Promoters have not been declared as wilful defaulters in terms of Regulation 2 (zn) of SEBI ICDR Regulations and there are no violations of securities laws committed by our Promoters in the past and no proceedings for violation of securities laws are pending against our Promoters.

As on the date of this Draft Red Herring Prospectus, our Promoters, Promoter Group, or directors or persons in control of our Promoters have not been debarred or prohibited by SEBI or any other regulatory or governmental authorities, from accessing the capital markets for any reasons. Further, our Promoters were not or are not a promoter, director or person in control of any other company that is or has been debarred or prohibited from accessing the capital markets under any order or direction made by SEBI or any other governmental or regulatory authority.

## Change in the management and control of our Company

Our Promoters are the original promoters of our Company and there has not been any change in the management or control of our Company.

## Disassociation by our Promoters in the preceding three years

Except as provided below, our Promoters have not disassociated from any company or firm during the three years preceding the date of this Draft Red Herring Prospectus:

S. No.	Name of the company	Reasons for and terms of disassociation
1.	Diadem Ranka Desire Lifestyles Private Limited	Mr. Mehul Choksi sold off his shareholding in Diadem Ranka Desire Lifestyles Private Limited in 2016

## II. Group Companies

### Details of our Group Companies

As per the SEBI ICDR Regulations, for the purpose of identification of Group Companies, our Company has, considered companies covered under the applicable accounting standards (i.e., Accounting Standard 18 issued by the ICAI) on a consolidated basis, or such other companies considered material by our Board. Pursuant to the materiality policy adopted by our Board in its resolution dated March 8, 2017, for the purpose of disclosure in connection with the Issue, the following companies have been disclosed as our Group Companies:

Name of Group Company	Brief description of the business activities authorised or carried on	Direct/indirect interest of our Promoters in the equity share capital of the group company as on September 30, 2016 (%)
Shubalavanyaa Jewel Crafts Private Limited	Shubalavanyaa Jewel Crafts Private Limited is engaged in the business of manufacturing jewellerys primarily on job orders from dealers	51% direct interest of Mr. Mehul Choksi
Gitanjali Jewellery Retail Limited	Gitanjali Jewellery Retail Limited is engaged in the business of trading of gold jewellery, polished diamonds, gold and silver coins, diamond studded jewellery and jewellery items through various retail outlets all over India	100% direct interest of GGL

Name of Group Company	Brief description of the business activities authorised or carried on	Direct/indirect interest of our Promoters in the equity share capital of the group company as on September 30, 2016 (%)
Gitanjali Lifestyle Limited	Gitanjali Lifestyle Limited is engaged in the business of trading in luxury and lifestyle products which includes diamonds studded watches, gold and diamonds studded jewellery, silverware etc	100% direct interest of GGL
MMTC Gitanjali Limited	MMTC Gitanjali Limited is engaged in the business of trading in gold and silver coins, gold jewellery, diamond studded jewellery, lifestyle jewellery items etc	73.85% direct interest of GGL
Hyderabad Gems SEZ Limited	Hyderabad Gems SEZ Limited is engaged into development of sector specific SEZ for the Gems and Jewellery Industry in Hyderabad	100% direct interest of GGL
Gitanjali Ventures DMCC	Gitanjali Ventures DMCC is mainly engaged in the business of trading in diamonds, precious stone, Diamonds jewellery and pearls	100% direct interest of GGL
Crown Aim Limited	Crown Aim Limited is engaged in the business of import, export, wholesaling, manufacturing and sub-contracting of gems and jewellery	100% indirect interest of GGL
Maya Retail Limited	Maya Retail Limited is engaged in the business of branded readymade garments, branded jewellery and other lifestyle products	95.94% indirect interest of GGL
Diamlink Jewelry Inc	Diamlink Jewelry Inc is engaged in the business of wholesale distribution of diamond jewellery to large retailers	51% indirect interest of GGL
Gitanjali Infratech Limited	Gitanjali Infratech Limited is engaged in the business of design, construction, operate, sell, lease and maintenance of housing, complex and malls, gem and jewellery parks	100% direct interest of GGL
Samuels Jewelers Inc	Samuels Jewelers Inc operates specialty retail jewellery stores located in regional shopping malls, power centers, strip centers and standalone stores, and sells fine jewellery items in a wide range of styles and prices, with a Principal emphasis on diamond and gemstone jewellery	100% direct interest of GGL
Leading Jewels of Japan K K	Leading Jewels of Japan K K is principally engaged in the wholesales of polished / loose diamonds and jewellery	100% indirect interest of GGL

Name of Group Company	Brief description of the business activities authorised or carried on	Direct/indirect interest of our Promoters in the equity share capital of the group company as on September 30, 2016 (%)
Abbeycrest Thailand Limited	Abbeycrest Thailand Limited is engaged in manufacturing and exporting of fine jewellery	99.99% indirect interest of GGL
Jewelsouk Marketplace Limited	Jewelsouk Marketplace Limited is engaged in the business of dealing in diamonds, plain gold, and diamond studded jewellery	40% direct interest of GGL and 60% indirect interest of Mr. Mehul Choksi
Mannat Jewellery Manufacturing Private Limited	Mannat Jewellery Manufacturing Private Limited is engaged in the business dealing of all sorts and categories of jewellery, diamond, gems, ornaments etc	99.99% direct interest of Mr. Mehul Choksi
Leading Italian Jewels SRL	The principal activities of Leading Italian Jewels SRL are those of wholesaling and retailing of jewellery	100% indirect interest of GGL

For avoidance of doubt, it is clarified that our Promoters and our Subsidiaries shall not be considered Group Companies.

Set forth below are the details of our five largest Group Companies by market capitalization and turnover, as on the date of this Draft Red Herring Prospectus.

#### 1. *Gitanjali Jewellery Retail Limited ("GJRL")*

GJRL was incorporated on September 22, 2005 under the Companies Act 1956 under the laws of India. The registered office of GJRL is situated at Laxmi Tower, office no. 6, B wing, 1<sup>st</sup> floor, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 and its company identification number is U36911MH2005PLC156266. GJRL is currently engaged in the business of trading of gold jewellery, polished diamonds, gold and silver coins, diamond studded jewellery and jewellery items through various retail outlets all over India. The equity shares of GJRL are presently not listed on any of stock exchanges.

The authorized share capital of GJRL is ₹ 10 million divided into 1,000,000 equity shares of ₹ 10 each and its issued, subscribed and paid-up share capital is ₹ 10 million comprising 1,000,000 equity shares of ₹ 10 each.

#### *Financial Performance*

Certain details of the audited financial results of GJRL for Fiscals 2014, 2015 and 2016 are set forth below:

	<i>(in ₹ million except earnings per share data and NAV)</i>		
	Fiscal 2014	Fiscal 2015	Fiscal 2016
Equity Share capital	10.00	10.00	10.00
Reserves and surplus (excluding revaluation reserves)	(122.29)	(229.51)	(233.36)
Sales	5925.51	6172.60	6098.90
Income from operations and other income	5925.53	6172.80	6101.46
Profit/(Loss) after tax	(116.25)	(107.23)	(3.85)
Earnings per share (Basic and Diluted)	(116.25)	(107.23)	(3.85)
Net asset value per share	(115.34)	(221.35)	(224.46)

#### *Significant Notes by Auditors*

##### I. Qualified opinion for Fiscal 2013 - 2014:



Payment of remuneration to managing director, Mr. Santosh Srivastava was in excess of the limits approved by the board and shareholders. The actual amount provided in the books was ₹ 6.9 million. The said amount was excess by ₹ 3.5 million as compared to the approved remuneration amount. The excess amount was grouped under administrative expenses under other expenses in statement of profit and loss. Out of the amount ₹ 6.9 million provided in books, the amount of ₹ 3.4 million was shown as managerial remuneration and balance amount of ₹ 3.5 million was shown under miscellaneous expenses. GJRL has sought legal opinion as to quantum of remuneration payable. Pending above clarification, total amount provided was charged to the statement of profit and loss and any amount recovered at future date would be accounted on receipt basis.

## II. Fiscal 2014 - 2015:

### Emphasis of matter -

1. Litigation against GJRL in the consumer forum for a claim amounting to ₹ 0.1 million. The management had assessed the matter and was of the view that it would not result in any demand.
2. During the year, GJRL had initiated various legal actions including a police complaint against former managing director, Mr. Santosh Srivastava and others, for misuse of authority, setting up a parallel business and wrongful gain in relation to the acts done by them in previous years. The amount claimed in first information report filed by GJRL was ₹ 427 million against the persons named. However, exact impact on financial statement was not determinable and it was to be accounted on orders of statutory / legal authorities on receipt basis.

Following are the outstanding undisputed statutory dues as at March 31, 2015, for more than six months from the respective due dates:

Particulars	Amount (₹ in million)
VAT	1.97
ESIC	0.10
Provident Fund	1.25
Service Tax	0.10
Labour Welfare Fund	0.00

## III. Fiscal 2015 – 2016:

### Emphasis of matter –

1. Disputed statutory dues -
  - a. As per the VAT audit reports of GJRL, the contingent liability for non-receipt of sales tax declaration forms is ₹ 77 million. The management was of the view that the pending sales tax declaration forms would be collected before assessments were completed and as such no provision was considered necessary.
  - b. Litigation with sales tax authorities in the states of (i) Jharkhand for the financial year 2010 - 2011 for an amount of ₹ 0.67 million; (ii) Madhya Pradesh for the financial years 2013 – 2014 and 2012 - 2013 for an amount aggregating to ₹ 1.08 million and ₹ 0.64 million respectively; and (iii) West Bengal for the financial year 2012 – 2013 for an amount ₹ 1.49 million. The management of GJRL had reviewed the VAT matters and in the opinion of the management of GJRL no demand was likely to materialize as such no provision was considered necessary.
  - c. Income Tax demand against GJRL from the Fiscal 2007 – 2008 to Fiscal 2015 – 2016 for an amount aggregating to ₹ 3.38 million.
2. Litigation filed against GJRL -
  - a. Litigations against GJRL not acknowledge as debt in consumer forum for an amount aggregating to ₹ 0.18 million. The management had assessed litigations and was of the view that it would not result in any demand.

- b. Disputed claim amount aggregating to ₹ 0.23 million against GJRL was not acknowledged as debt by GJRL. The management did not expect the claim to succeed and accordingly no provision for the contingent liability had been recognized in the financial statements.
- c. The other litigations against GJRL involve cheque bouncing claims under section 138 for an amount aggregating to ₹ 20 million and claims against GJRL of an amount aggregating to ₹ 66.85 million for recovery of amounts due for supply of goods and services. The management of GJRL had assessed the litigations and was of the view that there would not be any impact on the financial position of the GJRL as the same had been provided in the books.

3. Litigation filed by GJRL against its ex-managing director and others –

GJRL had initiated various legal actions including a police complaint against its ex-managing director and others, for misuse of authority, setting up a parallel business and wrongful gain in relation to the acts done by them in earlier years. Amount claimed in first information report filed by the company is ₹ 427.20 million. However, exact impact on financial statement was not determinable at that juncture and it would be accounted on order of statutory / legal authorities on receipt basis.

4. Non-provision of claims/ expenses -

GJRL was in the process of closing a few of its COCO, COFO, FICO and FOFO outlets / stores. The liability if any including towards its employee dues could not be ascertained at that stage.

5. Undisputed statutory dues outstanding over six months -

As on March 31, 2016 the following statutory dues were outstanding for more than six months from the respective due dates:

Particulars	Amount (₹ in million)
Provident Fund	6.36
ESIC	0.88
VAT	7.01
Service Tax	0.54
Profession Tax	0.10
TDS	1.05

6. Preparation of accounts on a going concern basis -

GJRL had incurred loss during Fiscal 2015 – 2016 and also in the previous year and had fully eroded its paid up capital. The accumulated loss of GJRL at year end was ₹ 233.36 million. As GJRL is a subsidiary of GGL and the management was in the process of reorganizing its operation, the account had been prepared on a going concern basis.

GJRL has Suvarna Mangal Labh, Suvarna Mangal Kalash and Tamanna (Shagur) schemes. Under these schemes the subscriber to the scheme would be entitled to certain benefits. These schemes were discontinued and balances there under were subject to confirmation and reconciliation. The management of GJRL had represented that these amounts was not ascertainable at that stage and would be accounted on settlement. However the management is of the opinion that impact of claim if any will not be material.

Minimum guaranteed margin for franchisees are accounted as and when settled. Hence, no amount is ascertained and accrued at year end.

2. **Gitanjali Lifestyle Limited (“GLL”)**

GGL was incorporated on May 4, 2007 under the Companies Act 1956 under the laws of India. The registered office of GGL is situated at office no. 6, B wing, 1<sup>st</sup> floor, Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 and its company identification number is U36911MH2007PLC170596. GGL is currently engaged in the business of trading in luxury and lifestyle products which includes diamond studded watches, gold

and diamond studded jewellery, silverware etc. The equity shares of GLL are presently not listed on any of the stock exchanges.

The authorized share capital of GLL is ₹ 360.10 million divided into 36,010,000 equity shares of ₹ 10 each and its issued, subscribed and paid-up share capital is ₹ 250 million comprising 25,000,000 equity shares of ₹ 10 each.

#### Financial Performance

Certain details of the audited financial results of GLL for Fiscals 2014, 2015 and 2016 are set forth below:

*(in ₹ million except earnings per share data and NAV)*

	Fiscal 2014	Fiscal 2015	Fiscal 2016
Equity Share capital	250.00	250.00	250.00
Reserves and surplus (excluding revaluation reserves)	(288.57)	(366.19)	(367.71)
Sales	3,368.98	2,400.37	4,063.96
Income from operations and other income	3,372.28	2,417.87	4,172.47
Profit/(Loss) after tax	(229.60)	(77.62)	(1.52)
Earnings per share (Basic and Diluted)	(9.18)	(3.10)	(0.06)
Net asset value per share	(1.58)	(4.70)	(4.74)

#### Significant Notes by Auditors

##### I. Fiscal 2013 - 2014:

##### Emphasis of matter –

1. Undisputed statutory dues outstanding for more than six months as on March 31, 2014 are as following

Particulars	Amount (₹ in million)
TDS Payable	6.16

2. Preparation of accounts –

GLL had not earned cash profit during the Fiscal 2013 - 2014, however in the previous year GLL had earned cash profit. The accumulated loss at year end was ₹ 566.57 million. The loss had fully eroded its paid up capital and free reserves as on March 31, 2014. GLL had incurred losses during the Fiscal 2013 - 2014 and the management had considered various options to improve the profitability in coordination with holding company. GLL had also sold some of its investments and had closed a few of its shops. In view of this and also as GLL is a subsidiary of GGL, the accounts had been prepared on a going concern basis.

3. Non-provision for diminution in value of investments –

- d. The management of GLL had reviewed its investments in its subsidiaries and had sold its investment in its subsidiaries namely Damas Gems – n – Jewels Private Limited, Coronet Gems Private Limited, Ivida Technologies Private Limited and Gitanjali Realtors Private Limited as part of restructuring. These companies ceased to be GLL's subsidiaries as on March 31, 2014. In respect of such investments in Maya Retail Limited, net worth was negative. In respect of Mobile NXT Teleservices Private Limited, the proportionate net worth was less than its investment. The management of GLL considered the situation as a temporary phase hence, no provision for diminution in value of investments was considered then.

##### II. Fiscal 2014 -2015:

##### Emphasis of matter –

1. Non-payment of undisputed statutory due as on March 31, 2015 outstanding over six months –

Particulars	Amount (₹ in million)
Professional Tax Payable	0.45
Provident Fund Payable	1.38
Sales Tax Payable	3.36
<b>Total</b>	<b>5.19</b>

2. Preparation of accounts –

GLL had not earned cash profit during the Fiscal 2014 – 2015. The accumulated loss at year end was ₹ 644.30 million. The loss had fully eroded GLL's paid up capital and free reserves as at March 31, 2015. The management of GLL was considering various options to improve the profitability in coordination with holding company which included a proposal for merger with one of its associate company. In view of this and as GLL is a subsidiary of GGL, the accounts had been prepared on a going concern basis.

3. Non-provision for diminution in value of investment –

4. The management of GLL had reviewed its investments in its subsidiaries and had sold its investment in its subsidiaries namely Damas Gems – n – Jewels Private Limited, Coronet Gems Private Limited, Ivida Technologies Private Limited and Gitanjali Realtors Private Limited as part of restructuring. These companies ceased to be GLL's subsidiaries as on March 31, 2014. In respect of such investments in Maya Retail Limited, net worth was negative. In respect of Mobile NXT Teleservices Private Limited, the proportionate net worth was less than its investment. The management of GLL considered the situation as a temporary phase hence, no provision for diminution in value of investments was considered then.

III. Fiscal 2015 - 2016:

Emphasis of matter –

- Disputed claims amount aggregating to ₹36.12 million had not been acknowledged as debt by GLL. The management of GLL did not except these claims to succeed and accordingly no provisions for the contingent liability had been recognized in the financial statements. The details of claims against GLL included (i) amount aggregating to ₹ 22.80 million in a winding up petition; (ii) amount aggregating to ₹ 1,115.64 in an arbitration matter for violation of a franchisee agreement; and (iii) amount aggregating to ₹ 13.32 for remaining recovery suits related to commercial transactions. The management of GLL had reviewed all the above mentioned claims and did not expect any of the claim to materialize and hence no provision was considered necessary.
- Undisputed statutory dues as on March 31, 2016 outstanding over six months are as following -

Particulars	Amount (₹ in million)
Professional Tax Payable	0.99
Provident Fund Payable	2.03
ESIC Payable	1.84
Sales Tax Payable	3.47
<b>Total</b>	<b>8.33</b>

3. Preparation of accounts –

GLL had earned cash profit during the Fiscal 2015 – 2016. The accumulated loss at year end was ₹ 645.70 million. The loss had fully eroded GLL's paid up capital and free reserves as at March 31, 2016. The management of GLL was considering various options to improve the profitability in coordination with holding company which included a proposal for merger with one of its associate company. In view of this and as GLL is a subsidiary of GGL, the accounts had been prepared on a going concern basis.

4. Disputed statutory dues are as follows:

Income Tax:

Assessment Year	Tax Amount (₹)	Remarks	Forum where dispute is pending
2008-2009	25,250	Disallowance under section 14A read with rule 8D	In respect of these assessment years the department has not given credit to TDS and advance tax paid by GLL and adjustment of disallowances under section 14A against brought forward losses, for which the company has filed rectification application to the Assistant Commissioner of Income Tax on July 25, 2014, for rectification of mistakes apparent from records
	603,176	TDS credit not given & incorrect adjustment of interest receivable	
2009-2010	191,900	Disallowance under section 14A read with rule 8D	
2011-2012	2,469,104	TDS credit not given and incorrect adjustment of interest receivable	
2012-2013	204,420	TDS credit not given and incorrect adjustment of interest receivable	
2010-2011	5,35,839	Disallowance under section 14A read with rule 8D	In respect of each of these Assessment years the Company have filed appeals against order under section 143(3) to commissioner of Income Tax (Appeals) on April 30, 2014
2011-2012	3,782,243	Disallowance under section 14A read with rule 8D	
2012-2013	1,796,500	Disallowance under section 14A read with rule 8D	
<b>Total</b>	<b>9,608,432</b>		

Sales Tax:

Financial Year	Tax Amount (₹)	Remarks	Forum where dispute is pending
2010-2011	568,782,287	MVAT payable ₹ 215,876,375 interest ₹ 107,668,343 and penalty ₹ 5,000.  CST payable ₹ 163,621,397 interest ₹ 81,606,172 and penalty ₹ 5,000.	Sales Tax Authority Mumbai
2010-2011	13,849,685	Central Sales Tax ₹ 7,029,545 and interest ₹ 6,820,141.	The Deputy commissioner of Sales Tax (E-627), LTU – 3, Mumbai
2011-2012	211,270,693	Central Sales tax ₹ 130,982,247 and interest ₹ 80,288,446.	The Deputy commissioner of Sales Tax (E-627), LTU – 3, Mumbai
2011-2012	37,443,481	Value added tax – Maharashtra ₹ 23,220,764, interest ₹ 14,222,717.	The Deputy commissioner of Sales Tax (E-627), LTU – 3, Mumbai

### 3. **Gitanjali Ventures DMCC (“GVDMCC”)**

GVDMCC was incorporated on January 15, 2007 under the laws of Dubai (UAE). The registered office of GVDMCC is situated at Dubai Multi Commodities Centre, Unit no. ALMAS -33-B.C.D., Almas Tower, Plot No. LT-2, Jumeirah Lakes Towers, Dubai, United Arab Emirates. GVDMCC is currently engaged in the business of trading in diamonds, precious stones, diamond jewellery and pearls. The equity shares of GVDMCC are presently not listed on any of the stock exchanges.

The Authorised, issued and paid up share capital of the GVDMCC is AED 200,000 divided into 200 shares of AED 1,000 each fully paid converted into USD 54,500.

#### *Financial Performance*

Certain details of the audited financial results of GVDMCC for Fiscals 2014, 2015 and 2016 are set forth below:

*(in USD million except earnings per share data and NAV)*

	<b>Fiscal 2014</b>	<b>Fiscal 2015</b>	<b>Fiscal 2016</b>
Equity Share capital	0.05	0.05	0.05
Shareholders Current Account	24.50	24.50	24.05
Reserves and surplus (excluding revaluation reserves)	111.01	126.41	130.69
Sales	237.54	222.36	199.77
Income from operations and other income	237.54	222.36	199.77
Profit/(Loss) after tax	21.20	15.40	4.28
Earnings per share (Basic and Diluted)	105,995.36	77,008.69	21,400.62
Net asset value per share	674,986.17	752,839.85	772,835.47

#### *Significant Notes by Auditors*

There are no significant notes of the auditors in relation to the aforementioned financial statements.

### 4. **Crown Aim Limited (“CAL”)**

CAL was incorporated on December 09, 2010 under the laws of Hong Kong. The registered office of CAL is situated at Room No. 5, 5/F, Block A, Hunghom Commercial Centre, 39 Ma Tau Wai Road, Hung Hom, Kowloon, Hong Kong. CAL is currently engaged in the business of import, export, wholesale, manufacturing and sub-contracting of gems and jewellery. The equity shares of CAL are presently not listed on any of the stock exchanges.

The Authorised Share Capital of CAL is 100,000,000 ordinary shares of USD 1 each and issued and fully paid up share capital of CAL is 6,000,000 ordinary shares of USD 1.00 each.

#### *Financial Performance*

Certain details of the audited financial results of CAL for Fiscals 2014, 2015 and 2016 are set forth below:

*(in USD million except earnings per share data and NAV)*

	<b>Fiscal 2014</b>	<b>Fiscal 2015</b>	<b>Fiscal 2016</b>
Equity Share capital	6.00	6.00	6.00
Reserves and surplus (excluding revaluation reserves)	0.38	0.16	0.66
Sales	43.96	91.91	91.84
Income from operations and other income	43.96	91.91	92.01
Profit/(Loss) after tax	(0.31)	(0.21)	0.49
Earnings per share (Basic and Diluted)	(0.05)	(0.04)	(0.08)
Net asset value per share	1.06	1.03	1.11

#### Significant Notes by Auditors

There are no significant notes of the auditors in relation to the aforementioned financial statements.

#### 5. **Samuels Jewelers INC (“Samuels Jewelers”)**

Samuels Jewelers was incorporated on May 28, 2004 under the laws of United States of America. The registered office of Samuels Jewelers is situated at 2914, Montopolis Drive Suite 200 Austin TX 78741, USA. Samuels Jewelers is currently engaged in the business of speciality retail jewellery stores located in regional shopping malls, power centers, strip centers and standalone stores, and sells fine jewellery items in a wide range of styles and prices, with a Principal emphasis on diamond and gemstone jewellery. The equity shares of Samuels Jewelers are not presently listed on any of stock exchanges.

The authorised share capital of Samuels Jewelers is 3,000 shares of USD 0.01 par value and its issued and outstanding share capital is 1,960 shares of USD 0.01 par value.

#### Financial Performance

Certain details of the audited financial results of Samuels Jewelers for Fiscals 2014, 2015 and 2016 are set forth below:

*(in USD million except earnings per share data)*

	Fiscal 2014	Fiscal 2015	Fiscal 2016
Equity Share capital (including paid in capital)	95.97	95.97	96.72
Reserves and surplus (excluding revaluation reserves)	(34.98)	(34.68)	(33.64)
Sales	123.36	114.91	115.22
Income from operations and other income	123.36	121.71	122.02
Profit/(Loss) after tax	3.71	0.30	1.03
Earnings per share (Basic and Diluted)	1,891.13	153.00	527.56
Net asset value per share	27,747.23	28,240.14	29,457.66

#### Significant Notes by Auditors

There are no significant notes of the auditors in relation to the aforementioned financial statements.

#### Details of Group Companies with negative net worth

##### 1. **Jewelsouk Marketplace Limited (“Jewelsouk”)**

Jewelsouk was incorporated on November 10, 1989 under the Companies Act 1956. The registered office of Jewelsouk is situated at A-1, 7<sup>th</sup> floor, Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 and its corporate identification number is U74120MH1989PLC054232. Jewelsouk is currently engaged in the business of dealing in diamonds, plain gold and diamond studded jewellery.

The authorized share capital of Jewelsouk is ₹ 30 million divided into 300,000 equity shares of ₹ 100 each and its issued, subscribed and paid-up share capital is ₹ 24.75 million comprising 247,500 equity shares of ₹ 100 each.

#### Financial Performance

Certain details of the audited financial results of Jewelsouk for Fiscal 2014, 2015 and 2016 are set forth below:

*(in ₹ except earnings per share data and NAV)*

	Fiscal 2014	Fiscal 2015	Fiscal 2016
Equity Share capital	9.9	24.75	24.75
Reserves and surplus (excluding revaluation reserves)	(14.61)	(97.72)	(202.28)
Income from operations and other income	120.99	1408.54	2132.27
Profit/(Loss) after tax	(17.96)	(83.11)	(104.56)



	Fiscal 2014	Fiscal 2015	Fiscal 2016
Earnings per share (Basic and Diluted)	(181.00)	(576.00)	(422.00)
Net asset value per share	(53.51)	(296.24)	(718.13)

#### Significant Notes by Auditors

##### I. Fiscal 2014 – 2015:

##### Emphasis of matter –

- Disputed claims amount aggregating to ₹ 0.65 million had not been acknowledged as debt by Jewelsouk. The management of Jewelsouk did not expect the claims to success and accordingly no provisions had been made.
- Undisputed statutory dues outstanding over six months -

As on March 31, 2015 the following statutory dues were outstanding for more than six months from the respective due dates:

Particulars	Amount (₹)
Maharashtra Labour Welfare Fund	4,560
<b>Total</b>	<b>4,560</b>

##### 2. Abbeycrest (Thailand) Limited (“Abbeycrest”)

Abbeycrest was incorporated on January 31, 2002 under the Thai Civil and Commercial Code in Thailand. The registered office Abbeycrest is situated at 99/29 Moo 5, Pasak Muang, Lamphun 51000, Thailand. Abbeycrest currently engaged in the business of manufacturing and exporting of fine jewellery.

The authorized share capital of Abbeycrest is Baht 171,383,440 divided into 17,138,344 equity shares of Baht 10 each and its issued, subscribed and paid-up share capital is Baht 171,383,440 comprising 17,138,344 equity shares of Baht 10 each.

#### Financial Performance

Certain details of the audited financial results of Abbeycrest for Fiscal 2014, 2015 and 2016 are set forth below:

(in Baht million except earnings per share data and NAV)

	Fiscal 2014	Fiscal 2015	Fiscal 2016
Equity Share capital	171.38	171.38	171.38
Reserves and surplus (excluding revaluation reserves)	(236.12)	(293.54)	(280.43)
Income from operations and other income	284.59	168.58	858.52
Profit/(Loss) after tax	(63.49)	(57.42)	(5.78)
Earnings per share (Basic and Diluted)	(3.70)	(3.35)	(0.34)
Net asset value per share	(3.82)	(7.16)	(6.38)

#### Significant Notes by Auditors

##### I. Fiscal 2013 – 2014:

##### Based on qualified opinion -

The auditors were unable to observe the physical count of Abbeycrest’s inventories outstanding as of March 31, 2014, at the net book value of Baht 95.46 million because they were appointed as Abbeycrest’s auditor after the annual stock taking date. The auditors were unable to perform other alternative audit test to satisfy themselves as to the correctness of such inventory value.

## II. Fiscal 2014 – 2015:

Information and events highlighted -

Going Concern

As at March 31, 2015, Abbeycrest had capital deficiency of Baht 122.15 million, and its current liabilities exceeded current assets by Baht 194.43 million. However, the major shareholder agreed to provide adequate funds to enable Abbeycrest to meet its financial obligations as it would fall due in the future. Therefore, the accompanying financial statements had been prepared in conformity with Thai Financial Reporting Standards for Non-Publicly Accountable Entities assuming that Abbeycrest would continue as a going concern, and do not include any adjustments that might result from the outcome of the uncertainty.

## III. Fiscal 2015 – 2016:

Information and events highlighted -

Going Concern

As at March 31, 2015, Abbeycrest had the capital deficiency of Baht 109.04 million, and its current liabilities exceeded current assets by Baht 174.83 million. However, the major shareholder agreed to provide adequate funds to enable Abbeycrest to meet its financial obligations as it would fall due in the future. Therefore, the accompanying financial statements had been prepared in conformity with Thai Financial Reporting Standards for Non-Publicly Accountable Entities assuming that the company will continue as a going concern, and do not include any adjustments that might result from the outcome of this uncertainty.

### 3. *Gitanjali Jewellery Retail Limited (“GJRL”)*

For details see “– *Details of our Five Largest Group Companies (based on turnover)*” on page 164.

### 4. *Gitanjali Lifestyle Limited (“GLL”)*

For details see “– *Details of our Five Largest Group Companies (based on turnover)*” on page 166.

### 5. *Hyderabad Gems SEZ Limited (“Hyderabad Gems”)*

Hyderabad Gems was incorporated on December 2, 2004 under the Companies Act 1956. The registered office Hyderabad Gems is situated at Survey No. 1/1, Ravirala Village Road, Opp. RCI IIND Gate, Maheshwaram Mandal, Hyderabad 501 510 and its corporate identification number is U27205TG2004PLC044751. Hyderabad Gems is currently engaged into development of sector specific SEZ for the Gems and Jewellery Industry in Hyderabad.

The authorized share capital of Hyderabad Gems is ₹ 500 million divided into 50,000,000 equity shares of ₹ 10 each and its issued, subscribed and paid-up share capital is ₹ 0.5 million comprising 50,000 equity shares of ₹ 10 each.

#### *Financial Performance*

Certain details of the audited financial results of Hyderabad Gems for Fiscal 2014, 2015 and 2016 are set forth below:

	<i>(in ₹ million except earnings per share data and NAV)</i>		
	<b>Fiscal 2014</b>	<b>Fiscal 2015</b>	<b>Fiscal 2016</b>
Equity Share capital	0.50	0.50	0.50
Reserves and surplus (excluding revaluation reserves)	(24.05)	(43.13)	(56.37)

	Fiscal 2014	Fiscal 2015	Fiscal 2016
Income from operations and other income	29.01	27.35	27.35
Profit/(Loss) after tax	(16.90)	(19.08)	(13.25)
Earnings per share (Basic and Diluted)	(338.00)	(381.56)	(264.93)
Net asset value per share	(470.95)	(852.51)	(1,117.44)

*Significant Notes by Auditors*

I. Fiscal 2013 - 14:

Emphasis of matter –

Hyderabad Gems had accumulated losses amounting to ₹ 24.05 million and the losses had exceeded the share capital as at March 31, 2014. Hyderabad Gems is a developer of Special Economic Zone and has huge land bank. Additionally, Hyderabad Gems is wholly owned subsidiary of GGL, a listed company. Considering the facts, the accounts have been prepared on a going concern basis despite huge accumulated losses.

**6. Leading Jewels of Japan KK (“Leading Jewels”)**

Leading Jewels was incorporated on February 10, 2012 under the laws of Japan. The registered office of Leading Jewels is situated at Arai Building, 4F, 1-6-2, Higashi-Ueno, Taito-Ku, Tokyo 110 0015. Leading Jewels is currently engaged in the wholesale business of polished / loose diamonds and jewelleryes.

The authorized share capital of Leading Jewels is ¥ 1,000 million divided into 10,000,000 ordinary shares of ¥ 100 each and its issued, subscribed and paid up share capital is ¥ 10 million divided into 100,000 ordinary shares of ¥ 100 each.

*Financial Performance*

Certain details of the audited financial results of Leading Jewels for Fiscal 2014, 2015 and 2016 are set forth below:

*(in ¥ million except earnings per share data and NAV)*

	Fiscal 2014	Fiscal 2015	Fiscal 2016
Equity Share capital	10.00	10.00	10.00
Reserves and surplus (excluding revaluation reserves)	6.55	(167.50)	(193.54)
Income from operations and other income	1,579.38	485.78	249.76
Profit/(Loss) after tax	0.81	(174.05)	(25.30)
Earnings per share (Basic and Diluted)	8.11	(1740.48)	(252.98)
Net asset value per share	(165.45)	(1,575.02)	(1,835.40)

*Significant Notes by Auditors*

There are no significant notes by auditors from the audited financial statements of Leading Jewels.

**7. Maya Retail Limited (“Maya Retail”)**

Maya Retail was incorporated on July 12, 2001 under the Companies Act 1956. The registered office of Maya Retail is situated at office no. 6, B- wing, 1st Floor, Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 and its corporate identification number is U99999MH2001PLC231441. Maya Retail is currently engaged in the business of branded readymade garments, branded jewellery and other lifestyle products.

The authorized share capital of Maya Retail is ₹ 250 million divided into 25,000,000 equity shares of ₹ 10 each and its issued, subscribed and paid-up share capital is ₹ 240.69 million comprising 24,069,310 equity shares of ₹ 10 each.

*Financial Performance*

Certain details of the audited financial results of Maya Retail for Fiscal 2014, 2015 and 2016 are set forth below:

*(in ₹ million except earnings per share data and NAV)*

	Fiscal 2014	Fiscal 2015	Fiscal 2016
Equity Share capital	240.69	240.69	240.69
Reserves and surplus (excluding revaluation reserves)	(550.66)	(579.84)	(580.94)
Income from operations and other income	367.53	3609.38	174.93
Profit/(Loss) after tax	(114.51)	(29.19)	(1.09)
Earnings per share (Basic and Diluted)	(4.76)	(1.21)	(0.05)
Net asset value per share	(12.88)	(14.09)	(14.14)

*Significant Notes by Auditors*

I. Fiscal 2013 - 2014:

Emphasis of matter –

1. Claim against Maya Retail not acknowledged as debt:
  - a. A claims of ₹ 7,261,789 had been filed against Maya Retail in the court of the civil judge – Senior Division Allahabad pursuant to suit no-113 of 2009 by landlords of Allahabad Showroom M/s Kashi Investments (HUF), Ajit Dhawan, Nisha Dhawan (HUF), Ajit Dhawan Rohit Dhawan (HUF), Amit Dhawan, Amit Dhawan (HUF), Nisha Dhawan, Amit Dhawan (HUF), Dinesh Enterprises (HUF), Niharika Dhawan, Rohit Dhawan & Rohit Dhawan (HUF).  
Maya Retail had declined the claim and based on the opinion from its legal advisor and terms and conditions of the agreement, the claim was not likely to be crystallized.
  - b. A demand of ₹ 1,261,891 being in nature of interest and penalty on stamp duty for Fiscal 2007-2008, was raised by Revenue Department, Uttar Pradesh was received. Maya Retail had preferred appeal against the same and the management of Maya Retail was of the view that there would be no stamp duty liability hence no provision was required.
  - c. A claim of ₹ 400,000 had been filled against Maya Retail in the District Consumer Protection and Redressal Forum, Allahabad by Mr. Guruashish Singh and Ms. Vinti Singh towards deficiency in its services provided to the said consumers. Maya Retail had declined the claim and based on the opinion received from its legal advisor, the claim was not likely to be crystallized hence no provision was required.
  - d. A claim of ₹ 191,507 against supply of goods had been filled against Maya Retail in the court of Civil Judge, Central, Tis Hazari Court, New Delhi pursuant to suit no – 181/2011 by M/s Dandy Collections through its proprietor Ms. Ranveet Muttreja. The original provision in books was ₹ 147,852. Maya Retail had declined the claim and based on the opinion received from its legal advisor and terms and conditions of the agreement, the claim was not likely to be crystallized.
2. Undisputed statutory dues outstanding over six months as at March 31, 2014:

Particulars	Amount (₹ in million)
VAT	0.61
ESIC	0.40
Provident Fund	1.23
TDS	1.42
Professional Tax	0.01
Service Tax	0.42

3. Preparation of accounts on a going concern basis:

During the Fiscal Maya Retail had closed six of the company's operated outlets. As on March 31, 2014 Maya Retail had four outlets of which three outlets have been closed until date of signing of balance sheet after the year

end. In respect Maya Retail's outlets / shops vacated, Maya Retail had written off fixed assets and had also written off other old and unserviceable items. In respect of fixed assets where Maya Retail had closed operations, and had not yet vacated the premises, the fixed assets write off was considered at the time of vacating the premises and setting the accounts with the landlords / franchisees.

Maya Retail had also started working on a revival plan with help of holding company and ultimate holding company. Maya Retail had incurred cash loss during the Fiscal and also in the immediately preceding Fiscal. The accumulated loss was ₹ 712.56 million as at March 31, 2014 which had completely eroded its paid-up capital. Maya Retail is subsidiary of GLL, which in turn is a subsidiary of GGL and also that the company was working on revival plan accounts have been prepared on a going concern basis.

4. Debtors, creditors and loans and advances are subject to confirmation:

- a. Sundry debtors aggregating to ₹ 67.71 million included dues from group companies amounting to ₹ 4.66 million and other than group companies of ₹ 63.04 million.
- b. Sundry debtors aggregating to ₹ 67.71 million included ₹ 0.97 million outstanding for more than three years. The management of Maya Retail was of the opinion that debts were good and recoverable and no provision was considered necessary at that stage.
- c. The balances were subject to confirmation.

II. Fiscal 2014 - 2015:

Emphasis of matter

1. Claims against Maya Retail not acknowledged as debt:

- i. A petition under section 453/454 of the Companies Act 1956 was filed against Maya Retail for recovery of ₹ 3.63 million for supply of goods. Maya Retail had disputed the claim and was of the view that it would not result in demand.
- ii. There were cases filed against Maya Retail for recovery of amount and also arbitration matter for recovery of dues for supply of goods / services amounting to ₹ 3.40 million. Also revenue department had filed suit in Allahabad High Court for recovery of interest and penalty against stamp duty amounting to ₹ 1.26 million. The management of Maya Retail had assessed these matters and was of the view that these will not result in demand.
- iii. Canara Bank had filed an application with Debts Recovery Tribunal III, New Delhi for recovery of ₹37.09 million. Maya Retail had submitted its proposal to repay the loan in instalments for consideration of bank.
- iv. Three cases had been filed against Maya Retail for cheque bouncing amounting to ₹ 6.13 million.

2. Undisputed statutory dues outstanding over six months:

Due to liquidity constraints Maya Retail had not been able to pay its statutory liabilities on due date. As at March 31, 2015. Following statutory dues were outstanding for more than six months for the respective due dates:

Particulars	Amount (₹ in million)
VAT	3.24
ESIC	0.42
Provident Fund	1.28
Professional Tax	0.05
Service Tax	0.76
Labour Welfare Fund	0.00

3. Preparation of accounts on a going concern basis

Maya Retail had incurred cash loss in the current year as well as in immediately preceding financial year. The accumulated loss was ₹ 742.83 million as at March 31, 2016 which had completely eroded its paid up capital.

Maya Retail is subsidiary of GLL, which in turn is a subsidiary of GGL. Maya Retail had also changed its business model from retail model to wholesale model and had also added new products. In view of above accounts were prepared on a going concern basis.

#### 4. Overdrawn position in working capital borrowing from bank:

Maya Retail had availed of working capital borrowing from Canara Bank. The said borrowing was secured against fixed deposit of ₹ 31.07 million, hypothecation of stocks and book debts of Maya Retail (current and future) and corporate guarantee of GGL (step up holding company) and personal guarantee of Mr. Ashok Tibrewal an erstwhile director of Maya Retail. Maya Retail had requested for release of personal guarantee of Mr. Ashok Tibrewal which is pending. The rate of interest was 15.95% plus 2% penal interest amounting to an aggregate of 17.95% per annum floating. During the Fiscal 2015 – 2016, Canara Bank had adjusted aforementioned fixed deposit including accrued interest against outstanding of overdrawn interest and working capital borrowing. Canara Bank had filed an application for recovery of debts against Maya Retail before Debts Recovery Tribunal – III, New Delhi, pursuant to O.A No – 192/2015. The holding company, ultimate holding company and Mr. Ashok Tibrewal, had also been made party to the said application made to Debts Recovery Tribunal by Canara Bank. Maya Retail had submitted proposal to Canara Bank to convert the said debt in 12 equated monthly installments as working capital term loan.

#### III. Fiscal 2015 - 2016:

##### Emphasis of matter

##### 1. Claim against Maya Retail not acknowledged as debt:

- i. A petition under section 453/454 of the Companies Act 1956 is filed against the Maya Retail for recovery of ₹ 21.87 million for supply of goods. Maya Retail had disputed the claim and is of the view that it would not result in demand.
  - ii. There are cases filed against the Maya Retail for recovery of amount and also arbitration matter for recovery for dues for supply of goods / services amounting to ₹ 37.17 million. Also revenue department had filed suit in Allahabad High Court for recovery of interest and penalty against stamp duty amounting to ₹ 1.26 million. Management of Maya Retail had assessed these matters including a case filed by a small scale unit and was of the view that those were not likely to result in demand.
  - iii. Canara Bank has filed an application with Debts recovery Tribunal III, New Delhi for recovery of ₹ 37.09 million. Maya Retail had submitted its proposal to repay the loan in installments for consideration of bank.
  - iv. Three cases had been filled against the company for cheque bouncing amounting to ₹ 6.46 million.
2. A bank guarantee given to Haryana VAT department was secured by way of pledge of fixed deposit of ₹ 0.20 million.
  3. TDS demand as per TRACES for various years was ₹ 3.96 million.
  4. Working Capital Borrowings: ₹ 13.30 million (previous year ₹ 32.85 million)
  5. Maya Retail had availed working capital borrowing from Canara Bank. The said borrowing was secured against fixed deposits of ₹ 31.06 million, hypothecation of stocks and book debts of the company (current and future) and corporate guarantee of GGL and personal guarantee of Mr. Ashok Tibrewal an erstwhile director of Maya Retail. Maya Retail had requested for release of personal guarantee of Mr. Ashok Tibrewal which was pending. The rate of interest was 15.95% plus 2% penal interest amounting to an aggregate of 17.95% per annum floating. During Fiscal 2014 – 2015, Canara Bank had adjusted aforementioned fixed deposit including accrued interest against outstanding of overdrawn interest and

working capital borrowing. Canara Bank had filed an application for recovery of debts against Maya Retail before debts recovery tribunal -III, New Delhi, pursuant to O.A. No-192/2015. The holding company, ultimate holding company and Mr. Ashok Tibrewal had also been made party to the said application made to DRT by Canara Bank. Maya Retail had submitted proposal to the bank to repay the outstanding in 18 equated monthly installments.

6. Undisputed statutory dues outstanding for more than six months as at March 31, 2016:

(₹ in million)

	Over six months
VAT	3.64
ESIC	0.42
Provident Fund	1.29
Professional Tax	0.05
Service Tax	0.76
Labour Welfare Fund	0.004

7. Maya Retail had incurred cash loss in the current year as well as in immediately preceding financial year. The accumulated loss was ₹ 742.84 million as at March 31, 2016 which had completely eroded its paid up capital. Maya Retail is subsidiary of GLL, which in turn is a subsidiary of GGL. Maya Retail had also changed its business model from retail model to wholesale model and had also added new products. In view of above, accounts were prepared on a going concern basis.

#### 8. **Shubalavanyaa Jewel Crafts Private Limited (“Shubalavanyaa”)**

Shubalavanyaa was incorporated on November 24, 2004 under the Companies Act 1956. The registered office of Shubalavanyaa is situated at D No 499-1 Vysial Streetd No 499-1 Vysial Street Coimbatore, Tamil Nadu 641 002 and its corporate identification number is U03691TZ2004PTC011442. Shubalavanyaa is currently engaged in the business of manufacturing jewellerys primarily on job orders from dealers.

The authorized share capital of Shubalavanyaa is ₹ 0.5 million divided into 5,000 equity shares of ₹ 100 each and its issued, subscribed and paid-up share capital is ₹ 0.5 million comprising 5,000 equity shares of ₹ 100 each.

#### *Financial Performance*

Certain details of the audited financial results of Shubalavanyaa for Fiscal 2014, 2015 and 2016 are set forth below:

(in ₹ million except earnings per share data)

	Fiscal 2014	Fiscal 2015	Fiscal 2016
Equity Share capital	0.50	0.50	0.50
Reserves and surplus (excluding revaluation reserves)	(0.20)	(0.24)	(0.72)
Income from operations and other income	0.54	0.49	-
Profit/(Loss) after tax	0.14	0.04	0.48
Earnings per share (Basic and Diluted)	(27.43)	(8.09)	(96.37)
Net asset value per share	59.79	51.71	(44.66)

#### *Significant Notes by Auditors*

- I. Fiscal 2013 - 2014:

#### *Emphasis of matter –*

- Due to non availability of access to the records, exact information relating to contingent liabilities such as VAT / Income Tax assessment and other claims against Shubalavanyaa, if any, could not be ascertained.
- Shubalavanyaa’s operation at its manufacturing unit were under supervision of one of the erstwhile promoters of Shubalavanyaa (who are not the promoters of NWL). The operation slowed down when the



said erstwhile promoter got involved in some personal legal matters and stopped attending office. Due to this there was no access to files and records for completing the financial records. In absence of access to records for the reason given above the accounts had been prepared based on available records. The management of Shubalavanyaa proposes to reconcile the accounts and carry out correction in subsequent periods once the details were available.

3. As on March 31, 2014, Shubalavanyaa's undisputed statutory dues were ₹ 0.39 million outstanding for period more than six months from the due date.
4. Shubalavanyaa was a subsidiary of our Company and our Company is a subsidiary of GGL. Shubalavanyaa had incurred cash loss during the year resulting in substantial erosion of networth. Therefore the management of Shubalavanyaa was in the process of preparing business plan in consultation with the holding company and step up holding company to recoup losses and improve the company profitability. As such the accounts were prepared on a going concern basis.
5. The outstanding balances as at March 31, 2014 in respect of creditors, loans, advances and deposits were subject to confirmation and reconciliation. Shubalavanyaa expects to realize all current assets to the extent of book value. As such no provision for doubtful debts / bad debts had been made. The impact of loss, if any, on the same on the accounts was not ascertainable.
6. The fixed assets had been verified during the Fiscal and had been taken as certified by the management of Shubalavanyaa. Due to no access to premises, fixed asset register could not be updated and depreciation is worked out on previous year basis. The management of Shubalavanyaa proposed to reconcile the accounts and carry out correction in subsequent periods once the details were available.
7. Trade receivables are subject to confirmation and reconciliation.

## II. Fiscal 2014 - 2015:

### Emphasis of matter –

1. Due to non availability of access to the records, exact information relating to contingent liabilities such as VAT / income tax assessment and other claims against Shubalavanyaa, if any could not be ascertained.
2. Shubalavanyaa has no capital commitments as at the year end.
3. As on March 31, 2015, Shubalavanyaa's undisputed statutory dues was ₹ 0.39 million outstanding for period more than six months from the due date.
4. Shubalavanyaa's operation at its manufacturing unit was under supervision of one of the erstwhile promoters of Shubalavanyaa (who are not the promoters of NWL). The operation slowed down when the Shubalavanyaa's erstwhile promoter got involved in some personal legal matters and stopped attending office. Due to which there was no access to files and records for completing the financial records. In absence of access to records for the reason given above the accounts had been prepared based on available records. The management of Shubalavanyaa proposed to reconcile the accounts and carry out correction in subsequent periods once the details are available.
5. Shubalavanyaa has been in existence for more than five years. Shubalavanyaa had not carried on business during the Fiscal 2014 – 2015 and had incurred losses. The accumulated losses as on March 31, 2015 were less than share capital and free reserves. During the current year the ownership of the Shubalavanyaa had been changed and the new management was in the process of preparing a business plan to recoup losses and improve Shubalavanyaa's profitability. As such accounts were prepared on a going concern basis.
6. The outstanding balances as at March 31, 2015 in respect of creditors, loans, advances and deposits were subject to confirmation and reconciliation. Shubalavanyaa expects to realize all current assets to the extent of its book value. As such no provision for doubtful debts / bad debts had been made. The impact of loss, if any, on the same on the accounts was not ascertainable.

7. The fixed assets had been not verified during the Fiscal 2014 – 2015 and had been taken as certified by the management of Shubalavanyaa. Due to no access to premises, fixed asset register could not be updated and depreciation was worked out on previous year basis. The management of Shubalavanyaa proposed to reconcile the accounts and carry out correction in subsequent periods once the details were available.
8. Trade receivables are subject to confirmation and reconciliation.

### III. Fiscal 2015 - 2016:

#### Emphasis of matter –

1. Due to non availability of access to the records, exact information relating to contingent liabilities such as VAT / income tax assessment and other claims against Shubalavanyaa, if any could not be ascertained.
2. Shubalavanyaa had no capital commitments as at the year end.
3. As on March 31, 2016, Shubalavanyaa's undisputed statutory dues were ₹ 0.39 million outstanding for period more than six months from the due date.
4. Shubalavanyaa's operation at its manufacturing unit was under supervision of one of the erstwhile promoters of Shubalavanyaa (who are not the promoters of NWL). The operation slowed down when the Shubalavanyaa's erstwhile promoter got involved in some personal legal matters and stopped attending office. Due to which there was no access to files and records for completing the financial records. In absence of access to records for the reason given above the accounts have been prepared based on available records. The new management of Shubalavanyaa proposed to reconcile the accounts and carry out correction in subsequent periods once the details are available.
5. Shubalavanyaa has been in existence for more than five years. Shubalavanyaa had not carried on business during the Fiscal 2015 – 2016 and had incurred losses. The accumulated losses as on March 31, 2016 was more than share capital and free reserves. During the current year the ownership of the Shubalavanyaa had been changed and the new management was in the process of preparing business plan to recoup losses and improve Shubalavanyaa's profitability. As such accounts were prepared on a going concern basis.
6. The outstanding balances as at March 31, 2016 in respect of creditors, loans, advances and deposits were subject to confirmation and reconciliation. Shubalavanyaa expects to realize all current assets to the extent of book value. As such no provision for doubtful debts / bad debts had been made. The impact of loss, if any, on the same on the accounts was not ascertainable.
7. The fixed assets had been not verified during the Fiscal 2015 – 2016 and had been taken as certified by the management of Shubalavanyaa. Due to no access to premises, fixed asset register could not be updated and depreciation was worked out on previous year basis. The management of Shubalavanyaa proposed to reconcile the accounts and carry out correction in subsequent periods once the details were available.
8. Trade receivables are subject to confirmation and reconciliation.

### **Confirmations and Disclosures by our Group Companies**

#### Interests and common pursuits of our Group Companies

Except as otherwise disclosed in this Draft Red Herring Prospectus, our Group Companies do not have any interest in the promotion or formation of our Company.

Some of our Group Companies are either engaged in or are permitted to carry on business activities, similar to that of our Company, pursuant to the provisions of their respective memorandum of association or charter documents. As and when conflicts arise, we will examine similar viable solutions under applicable law and as determined by our Board of Directors.

### Related Party Transactions

Except as disclosed in “**Related Party Transactions**” on page 182:

- a) our Group Companies do not have any interest in any property acquired by our Company or proposed to be acquired by our Company, or any interest in any transaction by our Company pertaining to acquisition of land, construction of building and supply of machinery within two years of the date of filing this Draft Red Herring Prospectus; and
- b) our Group Companies do not have any commercial business interest in our Company except for business conducted on an arm’s length basis.

Further, except as stated in “**Financial Statements**” on page 184, our Company does not have any sales or purchase with its Group Companies exceeding, in the aggregate, 10% of the total sales or purchases of our Company.

### Other confirmations/disclosures

None of our Group Companies has been declared as a wilful defaulter by the RBI or any other governmental authority and there have been no violations of securities laws committed by our Group Companies in the past and no proceedings for violation of securities laws are pending against our Group Companies.

As on the date of this Draft Red Herring Prospectus, our Group Companies have not been prohibited by SEBI or any other regulatory or governmental authorities, from accessing the capital markets for any reason.

Except as stated in “**Legal and Other Information – Outstanding Litigation and Other Material Development**” none of our Group Companies is involved in material legal proceedings.

### **Sick or Defunct Companies**

None of our Group Companies has become a sick company under the Sick Industrial Companies (Special Provisions) Act, 1985.

Except as stated in “**Outstanding Litigation and Material Developments**” on page 337, no winding up proceedings have been initiated against any of our Group Companies.

Except as stated in “**Risk Factors – Certain of our Group Companies have incurred losses in previous fiscals.**” on page 38, none of our Group Companies has made a loss in the immediately preceding year.

None of our Group Companies are listed or have failed to list on any recognized stock exchange in India or abroad or have made any public or rights issue of securities in preceding three years.

Further, none of our Group Companies has become defunct and no application has been made in respect of it, to the respective registrar of companies where it is situated, for striking off its name, in the five years immediately preceding the date of this Draft Red Herring Prospectus.

## RELATED PARTY TRANSACTIONS

For details of the related party transactions during the last five Fiscals, pursuant to the requirements under Accounting Standard 18 “*Related Party Disclosures*”, issued by the ICAI, see “*Financial Statements – Annexure 40 – Restated Standalone Statement of Related Party Transactions*” and “*Financial Statements – Annexure 41 – Restated Consolidated Statement of Related Party Transactions*” on pages 223 and 271, respectively.

## DIVIDEND POLICY

The declaration and payment of dividends on the Equity Shares will be recommended by our Board at its discretion and approved by our Equity Shareholders at their discretion, subject to the provisions of our Articles of Association and the Companies Act. The declaration of dividends, if any, in the future will depend on a number of factors that our Board deems relevant, including but not limited to applicable law, our future expansion plans, profits, capital requirements, contractual restrictions including restrictive covenants under our financing arrangements and our overall financial condition.

In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing arrangements our Company is currently availing of or may enter into to finance our fund requirements for our business activities. See “**Financial Indebtedness**” on page 316.

Our Company has not declared any dividends during the last five Fiscals.

## SECTION V – FINANCIAL INFORMATION

### FINANCIAL STATEMENTS

#### INDEPENDENT AUDITOR'S REPORT ON RESTATED STANDALONE FINANCIAL INFORMATION AS REQUIRED UNDER SECTION 26 OF COMPANIES ACT, 2013, READ WITH RULE 4 OF COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014.

The Board of Directors,  
**Nakshatra World Limited**  
A-1, 7th Floor, Laxmi Tower,  
Bandra Kurla Complex,  
Bandra (East),  
Mumbai - 400 051

Dear Sirs,

1. We FORD RHODES PARKS & CO. LLP, Chartered Accountants have examined the attached Restated Standalone Financial Information of **Nakshatra World Limited** ('the Company') (formerly known as **Gitanjali Brands Limited**), annexed to this report which comprises of the:

- a. Restated Standalone Summary Statement of Assets and Liabilities as set out in Annexure - 1 for the six months ended September 30, 2016 & September 30, 2015 and for the year ended March 31, 2016, 2015, 2014, 2013 and 2012,
- b. the Restated Standalone Summary Statement of Profit and Loss as set out in Annexure - 2 for the six months ended September 30, 2016 & September 30, 2015 and for the year ended March 31, 2016, 2015, 2014, 2013 and 2012, and
- c. the Restated Standalone Summary of Cash Flow Statement as set out in Annexure - 3 for the six months ended September 30, 2016 & September 30, 2015 and for the year ended March 31, 2016, 2015, 2014, 2013 and 2012,

together with the Annexure and notes thereto (Collectively, the "Restated Standalone Financial Information") as approved by the Board of Directors of the Company at their meeting held on 15<sup>th</sup> December, 2016 for the purpose of inclusion in the offer document prepared by the Company in connection with its proposed Initial Public Offer (IPO) prepared in terms of the requirements of:

- a. Sub-clauses (i) and (iii) of clause (b) of sub-section (1) of section 26 of the Companies Act, 2013 ("the Act") read with Rule 4 of Companies (Prospectus and Allotment of Securities) Rules, 2014 ("the Rules")
  - b. the Securities And Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 ("SEBI-ICDR Regulations").
2. We have examined such Restated Standalone Financial Information taking into consideration:
    - a. the terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 31<sup>st</sup> October, 2016 in connection with the proposed IPO of the Company; and
    - b. the Guidance Note (Revised) on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India (ICAI).
  3. These Restated Standalone Financial Information have been extracted by the Management from:
    - a) the audited Standalone Financial Statements of the Company for the year ended March 31, 2016, 2015, 2014, 2013 and 2012 after accounting for changes in Investment on account of merger of subsidiaries from the financial year 2014 -15 onwards prepared in accordance with accounting principles generally accepted in India at the relevant time, the Accounting

Standard (AS) as specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, and approved by Board of directors at their meetings held on 19<sup>th</sup> May 2016 , 27<sup>th</sup> May 2015, 28<sup>th</sup> May 2014, 24<sup>th</sup> May 2013, 12<sup>th</sup> May 2012 respectively and

- b) Standalone interim financial statements for the six months ended September 30, 2016 and September 2015 , which have been prepared in accordance with the generally accepted accounting principles in India (“GAAP”), the provisions of the Companies Act, 2013, the Accounting Standard (AS) 25 Interim Financial Reporting and other accounting standards as specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, have been approved by the Board of Directors at their meeting held on December 15, 2016. These standalone interim financial statements have been audited by us and we have issued unqualified report for the said period.

#### **4. Management’s Responsibility for the Restated standalone Financial Information:**

The Management’s responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and presentation of the Restated standalone Financial Information. The Management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.

#### **5. Auditors’ Responsibilities:**

Our work has been carried out in accordance with the Standards on Auditing, (Revised) Guidance Note on Reports in Company Prospectuses and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India and pursuant to the requirements of Section 26 of the Act read with applicable provisions within Rules 4 to 6 of the Rules and the SEBI Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the SEBI Regulations in connection with the Issue. For the purpose of our examination, we have relied on the audited financial statements of the Company for the year ended March 31, 2016, 2015, 2014, 2013, 2012 and standalone interim financial statement for six months ended September 30, 2016 & September 30, 2015 audited by us.

6. Based on our examination, we report that:

- a. The Restated Standalone Summary Statement of Assets and Liabilities of the Company as at and for the six month ended September 30, 2016 & September 30, 2015 and as at March 31, 2016, 2015, 2014, 2013 and 2012 as set out in **Annexure - 1** to this report are after accounting for changes in Investment on account of merger of subsidiaries from the financial year 2014 -15 onwards and after making adjustments, reclassification and regrouping as in our opinion were appropriate and more fully described in Notes to Accounts, as set out in Annexure – 4 to 51.
- b. The Restated Standalone Summary Statement of Profit and Loss of the Company for the the six month ended September 30, 2016 & September 30, 2015 and for the each of the year ended March 31, 2016, 2015, 2014, 2013 and 2012 as set out in Annexure - 2 to this report are after accounting for changes in Investment on account of merger of subsidiaries from the financial year 2014 -15 onwards and after making adjustments, reclassification and regrouping as in our opinion were appropriate and more fully described in Notes to Accounts, as set out in Annexure – 4 to 51.
- c. The Restated Standalone Summary Statement of Cash Flows of the Company for the six months ended September 30, 2016 & September 30, 2015 and each of the year ended March 31, 2016, 2015, 2014, 2013 and 2012, as set out in Annexure - 3 to this report are after accounting for changes in Investment on account of merger of subsidiaries from the financial year 2014 -15 onwards and after making adjustments, reclassification and regrouping as in our opinion were appropriate and more fully described in Notes to Accounts, as set out in Annexure – 4 to 51.
- d. According to the information and explanations given to us, we are of opinion that the Restated Standalone Financial Information have been made after accounting for Changes in investments on account of merger of subsidiaries which has been considered as per the scheme effective from 1<sup>st</sup> April 2014 as approved by Honourable High court of Bombay vide order dated April 22, 2016 uploaded with Registrar of Companies (ROC) Mumbai on July 7, 2016 and is fully explained in item (c) of Annexure 29. As a result of these adjustments, reclassification and regroupings which may have been done to



conform to the classification in all the periods, the amounts reported in the above mentioned Statements are not necessarily the same as those appearing in the audited financial statements of the Company for the relevant six months/financial years.

- e. Further, there are no other extra-ordinary items other than what is declared in the notes that need to be disclosed separately in the accounts requiring adjustments. There were no qualifications in the Auditors' report for the relevant reporting periods, which require any adjustments to the Restated Standalone Financial Information.

7. We have also examined the following restated Standalone financial information of the Company as set out in the Annexure to this report and forming part of Restated Standalone Financial Information prepared by the management and approved by the Board of Directors on 15<sup>th</sup> December, 2016 relating to the company for the six months ended September 30, 2016 & September 30, 2015 and for the year ended March 31, 2016, 2015, 2014, 2013 and 2012 to be included in the offer document.

Annexure 1 - Balance sheet.  
Annexure 2 -Statement of Profit and loss account.  
Annexure 3 - Cash flow statement.  
Annexure 4 - Summary of Significant Accounting Policies and Notes to Accounts.  
Annexure 5 - Share Capital.  
Annexure 6 - Reserves and Surplus.  
Annexure 7 - Other Long-term Liabilities.  
Annexure 8 - Long-term provisions.  
Annexure 9 - Short Term Borrowings.  
Annexure 10 - Trade Payables.  
Annexure 11 - Other Current Liabilities.  
Annexure 12 - Short term Provisions.  
Annexure 13 - Fixed Assets.  
Annexure 14 - Non-Current Investments.  
Annexure 15 - Deferred tax assets and liabilities.  
Annexure 16 - Long Term Loans and Advances and other Assets.  
Annexure 17 – Inventories.  
Annexure 18 - Trade Receivables.  
Annexure 19 - Cash and Bank Balances.  
Annexure 20 - Short-term Loans and Advances and other Assets.  
Annexure 21 - Revenue from operation.  
Annexure 22 - Other Income.  
Annexure 23 - Purchase of Raw Material & Traded Goods.  
Annexure 24 - Changes in Inventories.  
Annexure 25 - Employee Benefits Expense.  
Annexure 26 - Finance Cost.  
Annexure 27 - Other Expenses.  
Annexure 28 - Share capital.  
Annexure 29 - Investment in subsidiaries, repayment of share application money and disinvestment of subsidiary company.  
Annexure 30 - Money received against share warrants.  
Annexure 31 - Long term contracts and financial derivatives instruments.  
Annexure 32 - Borrowings.  
Annexure 33 - Trade receivables.  
Annexure 34 - Purchase of raw material and traded goods.  
Annexure 35 - Undisputed statutory dues.  
Annexure 36 - Contingent liability not provided.  
Annexure 37 - Capital commitments.  
Annexure 38 - Earnings per share.  
Annexure 39 - Segment reporting.  
Annexure 40 - Related party disclosure.  
Annexure 41 - Employee benefits.  
Annexure 42 - Disclosures of foreign currency exposures.  
Annexure 43 - Lease disclosure.

Annexure 44 - Investor education and protection fund.  
Annexure 45 - Public deposit.  
Annexure 46 – Micro, Small and Medium Enterprises.  
Annexure 47 - Inventory Raw Material & Finished Goods Physically Verified.  
Annexure 48 - Management Opinion – Current Asset, Loan & Advances Realized.  
Annexure 49 – Fixed Assets Impairment.  
Annexure 50 – Capitalisation Statement  
Annexure 51- Other Notes.

8. In our opinion, the above financial information contained in Annexure 1 to 51 accompanying this report read along with the Significant Accounting Policies and Notes to Accounts are prepared after accounting for changes in Investment on account of merger of subsidiaries from the financial year 2014 -15 onwards after making adjustments ,reclassification and regroupings as considered appropriate and have been prepared in accordance with the Rules, SEBI-ICDR Regulations and the Guidance Note issued in this regard by ICAI, as amended from time to time, and in terms of our engagement as agreed with you.

In respect of the above financial information contained in Annexure 1 to 51 accompanying this report, we have drawn emphasis on the following:

- a. Annexure no. 32 relating to overdrawn position in working capital borrowing from banks as compared to sanctioned limits as detailed below:

Particulars	Six month ended 30th September		Year ended 31st March				
Years	2016	2015	2016	2015	2014	2013	2012
Amount (INR - million)	336.90	71.54	83.32	51.50	57.08	-	-

- b. Annexure no. 35 relating to non- payment of Self Assessment Tax of the Company which has been outstanding as at the date of signing of the balance sheets as detailed below:

Particulars	Six month ended 30th September		Year ended 31st March				
Years	2016	2015	2016	2015	2014	2013	2012
Amount (INR - million)	Nil	7.38	7.38	-	50.73	-	-

(As fully described in respective Annexure)

Our opinion is not qualified in respect of above matters.

9. We have not audited any financial statements of the Company as of any date or for any period subsequent to September 30, 2016. 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 September 30, 2016.
10. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
12. Our report is intended solely for use of the management for inclusion in the offer document in connection with the proposed issue of equity shares of the Company. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

For **FORD RHODES PARKS & CO.LLP**  
Chartered Accountants  
ICAI FRN. **102860W/W100089**

Date: December 15, 2016  
Place: Mumbai

A.D. Shenoy  
Partner  
Membership No. 11549

**Nakshatra World Limited (Formerly Known as Gitanjali Brands Limited)**  
**Annexure 1: Restated Standalone Balance sheet as at,**

		(INR - million)						
	Annexure	September 30, 2016	September 30, 2015	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
<b>I</b>								
<b>. EQUITY AND LIABILITIES</b>								
<b>Shareholders' Funds</b>								
Share Capital	5	87.46	87.46	87.46	87.46	87.46	87.46	83.50
Reserves and Surplus	6	8,582.59	8,573.75	8,558.77	8,552.77	3,034.10	2,986.76	851.88
Money Received Against Share Warrants		0.00	0.00	0.00	0.00	40.00	40.00	40.00
		<u>8,670.05</u>	<u>8,661.21</u>	<u>8,646.23</u>	<u>8,640.23</u>	<u>3,161.56</u>	<u>3,114.22</u>	<u>975.38</u>
Share Application Money Pending Allotment		0.00	0.00	0.00	0.00	0.00	760.00	0.00
<b>Non Current Liabilities</b>								
Other Long Term Liabilities	7	150.06	150.06	150.06	170.06	0.00	0.00	1,200.21
Long Term Provisions	8	3.28	2.57	3.47	2.75	2.33	4.05	2.34
		<u>153.34</u>	<u>152.63</u>	<u>153.53</u>	<u>172.81</u>	<u>2.33</u>	<u>4.05</u>	<u>1,202.55</u>
<b>Current Liabilities</b>								
Short Term Borrowings	9	3,738.42	4,134.69	4,303.38	3,896.78	3,578.21	900.36	253.31
Trade Payables	10	5,942.09	2,276.21	1,449.08	3,211.07	1,895.02	4,976.28	4,642.56
Other Current Liabilities	11	123.67	97.40	96.56	81.93	69.28	92.01	59.00
Short Term Provisions	12	16.56	20.60	9.86	15.72	66.39	71.55	7.07
		<u>9,820.74</u>	<u>6,528.90</u>	<u>5,858.88</u>	<u>7,205.50</u>	<u>5,608.90</u>	<u>6,040.20</u>	<u>4,961.94</u>
<b>TOTAL</b>		<b><u>18,644.13</u></b>	<b><u>15,342.74</u></b>	<b><u>14,658.64</u></b>	<b><u>16,018.54</u></b>	<b><u>8,772.79</u></b>	<b><u>9,918.47</u></b>	<b><u>7,139.87</u></b>
<b>II. ASSETS</b>								
<b>Non Current Assets</b>								
Fixed Assets (Net)	13							
Tangible Assets		4.64	5.91	5.00	6.21	15.16	19.54	19.04
Intangible Assets		0.10	0.15	0.11	0.18	0.31	0.51	0.31
Non Current Investments	14	7,309.43	7,309.43	7,309.43	7,309.43	1,820.93	1,820.93	1,820.93
Deferred Tax Assets (Net)	15	8.44	8.06	7.52	7.30	5.55	4.87	2.43
		<u>7,313.61</u>	<u>7,323.55</u>	<u>7,322.06</u>	<u>7,323.12</u>	<u>1,841.95</u>	<u>1,845.78</u>	<u>1,842.67</u>
Long Term Loans & Advances and Other Assets	16	149.73	273.37	145.60	198.82	146.83	149.99	137.61
		<u>7,472.34</u>	<u>7,596.92</u>	<u>7,467.66</u>	<u>7,521.94</u>	<u>1,988.78</u>	<u>1,995.84</u>	<u>1,980.32</u>
<b>Current Assets</b>								

		(INR - million)						
	Annexure	September 30, 2016	September 30, 2015	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Inventories	17	603.08	599.99	774.13	1,402.32	245.69	2,232.46	1,828.98
Trade Receivables	18	10,342.04	6,957.07	6,238.70	6,903.41	6,256.57	4,875.25	2,967.61
Cash and Bank Balance	19	145.78	134.60	98.79	132.13	218.85	752.34	307.97
Short Term Loans & Advances and Other Assets	20	80.89	54.16	79.36	58.74	62.90	62.58	54.99
		11,171.79	7,745.82	7,190.98	8,496.60	6,784.01	7,922.63	5,159.55
<b>TOTAL</b>		<b>18,644.13</b>	<b>15,342.74</b>	<b>14,658.64</b>	<b>16,018.54</b>	<b>8,772.79</b>	<b>9,918.47</b>	<b>7,139.87</b>

Significant Accounting Policies 4

Annexures to Restated Standalone Accounts 1 to 51

Significant Accounting Policies and Annexures attached thereto form an integral part of Standalone Financial Statements.

This is the Balance Sheet referred to in our report of even date.

As per our attached report of even date.

**For FORD RHODES PARKS & CO. LLP**

Chartered Accountants

ICAI Firm Registration No :  
102860W/W100089

**A. D. Shenoy**

Partner

**Membership No. 11549**

Place : Mumbai

Date : December 15, 2016

**Mehul Choksi**

Chairman and Managing  
Director

**Milind Limaye**

Director

**Saurabh Deshpande**

Company Secretary

**Kapil Khandelwal**

Chief Financial  
Officer

**Nakshatra World Limited ( Formerly Known as Gitanjali Brands Limited)**  
**Annexure 2: Restated Standalone Statement of Profit & Loss for,**

		(INR - million)						
Annexure		Six month period - ended September - 2016	Six month period - ended September - 2015	Twelve month period ended - 2016	Twelve month period ended - 2015	Twelve month period ended - 2014	Twelve month period ended - 2013	Twelve month period ended - 2012
<b><u>REVENUE</u></b>								
Revenue From Operations	21	8,059.73	5,040.51	14,840.74	13,471.95	14,943.81	22,839.87	19,141.49
Other Income	22	32.85	95.47	91.14	108.52	60.01	70.72	64.05
		8,092.58	5,135.98	14,931.88	13,580.47	15,003.82	22,910.59	19,205.54
<b><u>EXPENDITURE</u></b>								
Purchase of Raw Material & Traded Goods	23	7,651.82	4,049.07	13,731.64	14,088.12	12,289.70	22,299.37	19,469.79
Changes in Inventories	24	171.05	802.32	628.19	(1,156.64)	1,986.78	(403.49)	(958.92)
Employee Benefit Expenses	25	15.95	16.02	34.68	36.11	54.18	71.71	63.08
Finance Cost	26	188.67	207.49	451.48	462.02	404.25	190.84	189.65
Depreciation & Amortization Expenses	13	0.60	0.86	1.70	5.35	3.67	3.91	7.22
Other Expenses	27	41.59	34.89	71.79	120.14	218.58	391.91	86.28
		8,069.68	5,110.65	14,919.48	13,555.10	14,957.16	22,554.25	18,857.10
<b>Profit Before Exceptional Item &amp; Tax</b>		22.90	25.33	12.40	25.37	46.66	356.34	348.44
<b>Less: Exceptional Item</b>	29-a	0.00	0.00	0.00	0.51	0.00	0.00	0.00
<b>Profit Before Tax</b>		22.90	25.33	12.40	24.86	46.66	356.34	348.44
<b>Tax Expense:</b>								
Provision for Current Tax		11.24	5.06	1.80	5.50	15.00	71.30	71.51
Prior period Tax adjustment		-	-	6.58	(1.92)	-	-	-
Provision for MAT (Credit)		(11.24)	0.00	(1.80)	(5.50)	(15.00)	(51.30)	0.00
Provision for Deferred Tax		(0.92)	(0.75)	(0.22)	(1.76)	(0.68)	(2.44)	1.01
		(0.92)	4.31	6.36	(3.68)	(0.68)	17.56	72.52
<b>Profit for the year</b>		<b>23.82</b>	<b>21.02</b>	<b>6.04</b>	<b>28.54</b>	<b>47.34</b>	<b>338.78</b>	<b>275.92</b>
Earning per share before exceptional item								
Basic Earnings per Share of face value of Rs. 5 each (Rs.)		1.36	1.20	0.34	1.65	2.71	20.28	16.52
Diluted Earnings per Share of face value of Rs. 5 each (Rs.)		1.36	1.20	0.34	1.66	2.68	20.07	16.49
Earning per share after exceptional item								
Basic Earnings per Share of face value of Rs. 5 each (Rs.)		1.36	1.20	0.35	1.63	2.71	20.28	16.52

	Annexure	(INR - million)						
		Six month period - ended September - 2016	Six month period - ended September - 2015	Twelve month period ended - 2016	Twelve month period ended - 2015	Twelve month period ended - 2014	Twelve month period ended - 2013	Twelve month period ended - 2012
Diluted Earnings per Share of face value of Rs. 5 each (Rs.)		1.36	1.20	0.35	1.63	2.68	20.07	16.49
Significant Accounting Policies	4							

Annexures to Restated Standalone Accounts 2 to 51

Significant Accounting Policies and Annexures attached thereto form an integral part of Standalone Financial Statements.

This is the Statement of Profit and Loss referred to in our report of even date.

As per our report of even date.

**For FORD RHODES PARKS & CO. LLP**

Chartered Accountants

ICAI Firm Registration No : 102860W/W100089

**A. D. SHENOY**  
Partner  
**Membership No. 11549**  
Place : Mumbai  
Date : December 15, 2016

**Mehul Choksi**  
Chairman and Managing Director

**Milind Limaye**  
Director

**Saurabh Deshpande**  
Company Secretary

**Kapil Khandelwal**  
Chief Financial Officer



**Nakshatra World Limited (Formerly Known as Gitanjali Brands Limited)**

**ANNEXURE 3: Restated Standalone Cash Flow Statement for**

**(INR - million)**

Particulars	Six month period - ended September 2016	Six month period - ended September 2015	Twelve month period ended - 2016	Twelve month period ended - 2015	Twelve month period ended - 2014	Twelve month period ended -2013	Twelve month period ended - 2012
<b><u>CASH FLOW FROM OPERATING ACTIVITIES :</u></b>							
Net Profit Before Tax	22.90	25.33	12.40	24.86	46.66	356.34	348.44
<b><u>Adjustment for :</u></b>							
Provision for Gratuity for the year	-	-	0.93	1.02	(0.10)	1.94	1.42
Goods Loss by Theft / Loss in Transit	-	-	-	0.02	-	-	-
(Profit) / Loss on sale of Fixed Assets or change in method	-	-	-	4.33	(0.05)	-	-
(Profit) / Loss on sale of Investment	-	-	-	0.51	0.00	-	-
Interest & Finance Cost	188.67	207.49	451.47	462.02	404.25	190.84	189.65
Bad Debts written off / (Written back)	27.27	-	0.34	5.39	2.45	0.00	-
Creditors written back	-	-	(56.04)	-	-	-	(7.55)
Unrealised Exchange (Gain) / Loss	(22.35)	(124.79)	(0.41)	(105.99)	56.47	(12.17)	(12.69)
Depreciation & Amortisation	0.60	0.86	1.70	5.35	3.67	3.91	7.22
	217.09	108.89	410.39	397.51	513.35	540.86	526.49
<b><u>Changes in working capital :</u></b>							
(Increase)/Decrease in Inventories	171.05	802.32	628.19	(1,156.65)	1,986.78	(403.48)	(958.92)
(Increase)/Decrease in Trade Receivables	(4,098.40)	71.11	664.74	(489.81)	(1,481.17)	(1,937.41)	(623.30)
(Increase)/Decrease in Long Term & Short Term Loans & Advances	(18.38)	(67.44)	32.62	22.77	9.90	54.32	(73.82)
Increase/(Decrease) in Trade Payables & Current Liabilities	4,558.21	(931.68)	(1,705.11)	1,204.97	(3,072.85)	408.68	2,702.87
	612.48	(125.69)	(379.56)	(418.72)	(2,557.34)	(1,877.89)	1,046.84
Less : Income Tax Paid	(7.38)	(2.62)	(10.88)	(69.27)	(3.85)	(30.01)	(115.06)
	822.19	(19.42)	19.95	(90.48)	(2,047.84)	(1,367.04)	1,458.27

Particulars	(INR - million)						
	Six month period - ended September 2016	Six month period - ended September 2015	Twelve month period ended - 2016	Twelve month period ended - 2015	Twelve month period ended - 2014	Twelve month period ended - 2013	Twelve month period ended - 2012
<b><u>CASH FLOW FROM INVESTING ACTIVITIES :</u></b>							
Sale / (Purchase) of Fixed Assets	(0.22)	(0.54)	(0.43)	(0.60)	0.97	(4.61)	(4.49)
Withdrawal from / (Investment) in Fixed Deposits	3.16	20.77	18.53	98.69	513.10	(92.41)	(68.81)
Disinvestment / (Investment) in Equity Shares	(13.35)	0.00	0.00	1.28	0.00	0.00	(1,820.93)
	(10.41)	20.23	18.10	99.37	514.07	(97.02)	(1,894.23)
<b><u>CASH FLOW FROM FINANCING ACTIVITIES :</u></b>							
Issue of Share Capital	0.00	0.00	0.00	0.00	0.00	3.96	0.00
Share Premium Received	0.00	0.00	0.00	0.00	0.00	1,796.09	0.00
Share Application Money Refund/Received	0.00	0.00	0.00	0.00	(760.00)	760.00	0.00
Money Received / (Refund) of Warrants	(8.00)	(8.00)	(8.00)	(4.00)	0.00	0.00	40.00
Interest and finance income / (cost)	(188.67)	(207.49)	(451.47)	(462.02)	(404.25)	(190.84)	(189.65)
Proceeds / (Repayment) of Unsecured Loans	0.00	0.00	0.00	150.06	0.00	(1,200.21)	800.00
Proceeds / (Repayment) of Secured Bank Borrowings	(564.97)	237.91	406.60	318.57	2,677.85	647.05	(213.09)
	(761.64)	22.42	(52.87)	2.62	1,513.61	1,816.05	437.26
Net increase/(decrease) in cash and cash equivalents	50.14	23.24	(14.82)	11.50	(20.17)	351.99	1.30
Cash and cash equivalents at the beginning of the year	6.76	21.58	21.58	10.08	30.25	37.15	35.85
Cash and cash equivalents at the end of the year	<b>56.90</b>	<b>44.82</b>	<b>6.76</b>	<b>21.58</b>	<b>10.08</b>	<b>389.14</b>	<b>37.15</b>
Short term Deposits	<b>88.88</b>	<b>89.78</b>	<b>92.03</b>	<b>110.55</b>	<b>208.77</b>	<b>363.20</b>	<b>270.82</b>
Cash and bank balance at the end of the year	<b>145.78</b>	<b>134.60</b>	<b>98.79</b>	<b>132.13</b>	<b>218.85</b>	<b>752.34</b>	<b>307.97</b>

1) The above CFS has been prepared under Indirect Method as set in the Accounting Standard on Cash Flow Statement (AS - 3).

2) The amount in the brackets indicates outflows

Particulars	(INR - million)						
	Six month period - ended September 2016	Six month period - ended September 2015	Twelve month period ended - 2016	Twelve month period ended - 2015	Twelve month period ended - 2014	Twelve month period ended - 2013	Twelve month period ended - 2012
3) Cash and Cash equivalents for the purpose of Cash Flow Statements comprise of Cash at Bank and in hand and Short Term Investments with an Original Maturity of three months or less and Margin account.							
4) Previous Year figures are regrouped where ever necessary							

**For FORD RHODES PARKS & CO.**

**LLP**

Chartered Accountants

ICAI Firm Registration No :

102860W/W100089

**A. D. Shenoy**

Partner

**Membership No. 11549**

Place : Mumbai

Date : December 15, 2016

**Mehul Choksi**

Chairman and Managing

Director

**Milind Limaye**

Director

**Saurabh**

**Deshpande**

Company Secretary

**Kapil Khandelwal**

Chief Financial Officer

**ANNEXURE -4 Significant Accounting Policies**

Forming Part of the Restated Standalone Financial Statements for the Year Ended March 31, 2012 to March 31, 2016 and for the six months period ended September 30, 2015 and September 30, 2016.

**Company Background:**

Name of the Company has been changed to Nakshatra World Limited from Gitanjali Brands Limited with effect from November 11, 2016.

Nakshatra World Limited (Formerly Known as Gitanjali Brands Limited) is engaged in the business of trading, manufacturing and export of gold and diamond studded jewellery, silver jewellery, diamond and other lifestyle product. For this purpose the company has its own manufacturing facilities at Hyderabad, the Special Economic zone (SEZ). The company markets its products all over India and rest of the world.

During the financial year 2011-12, as a part of restructuring exercise, Gitanjali Gems Limited transferred its entire investment in six subsidiaries to Nakshatra World Limited (Formerly Known as Gitanjali Brands Limited) which are engaged in similar line of business.

Further as a part of consolidating the operations and harmonizing the activities, the Board of Directors of the Company in its meeting held on April 21, 2015 considered and approved a Scheme of Arrangement and Amalgamation (“the Scheme”) between:

- i. Asmi Jewellery India Limited and Spectrum Jewellery Limited with Nakshatra Brands Limited.
- ii. Gitanjali Jewellery Retail Limited and Gitanjali Lifestyle Limited with GILI India Limited.

In case of merger application referred in point (i) above, the proceedings at Honorable High court of Bombay have been concluded and accordingly these entities are merged with effect from April 1, 2014 using purchase method of accounting.

In case of merger application referred in point (ii) above, the proceedings at Honorable High court of Bombay have been concluded and final certified copy of orders is received. Pending completion of formalities under the Companies Act 1956/2013 entities are not merged. With appointed date as per the scheme is 1st April 2014.

Gitanjali Gems Limited purchased one share from Bennett Coleman and Co. Ltd by which Nakshatra World Limited (formerly Known as Gitanjali Brands Limited) has become wholly owned subsidiary of Gitanjali Gems Limited post 30<sup>th</sup> September 2016.

On allotment of shares in exchange of Investment held in Spectrum and Asmi, the Investment value has increased by Rs 5,490,274,792/- and corresponding amount is credited to Capital Reserve.

Subsequent to September 30th, 2016 the company has increased its authorized capital, consolidated shares by increasing the face value of equity shares & the board of Directors of the Company have recommended for issue of bonus shares as fully described in annexure no.28.

### **1.1 Basis of preparation of financial statements**

The restated Standalone financial statements are prepared from the audited financials for the years ended March 31, 2012 to March 31, 2016 and for the six months period ended September 30, 2016 and September 30, 2015 in accordance with the requirements of section 26 of the Companies Act, 2013 (the Act) read with Companies (Prospectus and Allotment securities) Rule 2014, (the Rules) and the requirements of the Securities and Exchange Board of India (Issue of capital and Disclosure requirements) regulation 2009 as amended (‘the regulations’). Accordingly, these restated Standalone financial statements are prepared for the purpose of inclusion in the offer document in connection with the proposed IPO of the Company.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard or a more appropriate presentation of the financial statements requires a change in the accounting policy hitherto in use.

## 1.2 Use of Estimates

The preparation of Standalone Financial Statements, in conformity with the Generally Accepted Accounting Principles, requires estimates and assumptions to be made that affects the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognized in the period in which the results are known / materialized.

## 1.3 Revenue Recognition

- a. Revenue on sale of products are recognized when the risk and rewards of ownership are passed onto the customers, which is generally on dispatch of goods. Sales are stated net of returns and net of sales tax and other taxes as applicable.
- b. Revenue is recognized only when it is reasonably certain that the ultimate collection will be made.
- c. Interest income is recognized when it is rationally certain of recovery and on time basis taking into account the amount outstanding and rate applicable. Interest is shown as net of interest expense.

## 1.4 Fixed Assets and Intangibles

- a. Tangible Fixed assets are recorded at cost of acquisition inclusive of freight, duties and taxes and incidental expenses related to acquisition, except for the Fixed Assets which are related to the production of the goods in which case input credit is availed on the taxes. Expenditure incurred during construction period has been added to the cost of assets.
- b. Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortization and accumulated impairment losses, if any
- c. The Company has policy to carry out physical verification of Fixed Assets every alternate year and discrepancies on physical verification are charged to Statement of Profit & Loss.

## 1.5 Leases

Assets taken on lease on or after April 1, 2001 are accounted for as Fixed Assets in accordance with Accounting Standard (AS) 19 on “Leases”.

- a. Finance lease  
Assets taken on finance lease, including taken on hire purchase arrangements, wherein the company has an option to acquire the asset, are accounted as fixed assets in accordance with the AS 19 on “Leases”.
- b. Operating lease  
Assets taken on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognized as expenses on accrual basis in accordance with the respective lease agreements.
- c. The costs of improvements to leased properties are capitalized and disclosed appropriately.

## 1.6 Impairment of Fixed Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimated of recoverable amount.

### 1.7 Depreciation and Amortization of Fixed Assets

Depreciation on Fixed Assets is provided on WDV method over the useful lives of the assets, as prescribed under Schedule II of the Companies Act, 2013 with effect from 1st April, 2014. The expenditure incurred on improvement to leasehold premises is written off evenly over the period of the lease.

### 1.8 Investments

- (i) Long – term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management. Investments in properties are subject to depreciation in accordance with the applicable local laws.
- (ii) Current investments, if any, are valued at lower of cost and market value.
- (iii) Cost of investments include acquisition charges such as brokerage, fees and duties.

### 1.9 Borrowing Costs

Borrowing costs attributable to the acquisition or construction of qualifying asset are capitalized as part of the cost of asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

### 1.10 Foreign Currency Transactions

Transactions in foreign currency are recorded at the rate prevailing on the date of transactions. Foreign currency assets except investments and liabilities other than for financing fixed assets are stated at the rate of exchange prevailing at the date of balance sheet and resultant gains/losses are charged to the statement of Profit and Loss. Premium or discount in respect of forward foreign exchange contracts is amortized as expense or income over the life of the contracts. Any profit or loss arising on cancellation or renewal of such forward contract is recognized as income or expense for the period. Exchange differences arising on settlement or restatement of foreign currency denominated liabilities relating to the acquisition of fixed asset are recognized in the statement of Profit and Loss.

### 1.11 Inventories

Inventories of raw materials, finished goods, rejections, trading goods and stores are valued on FIFO basis as under:

Raw Material	Lower of cost and net realizable value
Trading Goods (Viz. Finished goods – Polished Diamonds & Jewellery)	Lower of cost and net realizable value

### 1.12 Taxation

Tax expense for the year comprises of current income tax and deferred tax.

- a. Normal provisions  
The company is eligible for tax incentive under the Indian Taxation Laws. These incentives presently include an exemption from payment of normal Income Tax for operation in Special Economic Zones. The said income is liable to Minimum Alternate Tax and such tax is eligible for set off as described in subsequent paragraph. The management estimates the provisions for current tax after considering such tax benefits.

Deferred tax is recognized, subject to prudence, on timing differences, being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognized for unabsorbed depreciation and carry forward losses to the extent there is virtual certainty that sufficient future taxable income will be available against which deferred tax assets can be realized. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

- b. Minimum Alternate Tax (MAT) credit: MAT is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the Guidance Note issued by the ICAI, the said asset is created by way of a credit to the Statement of Profit and Loss and is shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

#### **1.13 Employee Benefit**

Short Term Employee Benefits and contribution to defined contribution plans in the form of Provident Fund and Family Pension Fund are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related services is rendered.

Retirement benefits in the form of Gratuity which is defined benefit plan and long term employee benefit in the form of leave encashment, are determined and accrued on the basis of an independent actuarial valuation applying the projected unit credit method. Actuarial Gain or Losses comprise experience adjustments and effect of changes in actuarial assumptions and are recognised in statement of Profit and Loss of the year.

#### **1.14 Segment Reporting**

The company is primarily engaged in Jewellery and hence entire operations represents a single primary segment. The company operates in India as well as abroad. The secondary segmental reporting is on the basis of the geographical location of its customers.

#### **1.15 Cash flow Statement**

Cash flows are reported using indirect methods as set out in Accounting Standard (AS) – “Cash Flow Statement”, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Cash and cash equivalents

Cash comprises cash at bank and in hand and demand deposits with banks. Cash equivalents are short term balances that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

#### **1.16 Earnings per Share**

Earnings Per Share (EPS) is calculated by dividing the net profit or loss for the period attributable to equity shareholders, by the weighted average number of equity shares outstanding during the period.



Dilutive EPS is calculated by dividing the net profit or loss for the period attributable to equity shareholders, by the weighted average number of equity shares considered for deriving the basic EPS and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential shares are deemed converted at the beginning of the year unless issued at later date.

**1.17 Provisions, Contingent Liabilities and Contingent Assets**

Contingent liabilities are not provided for and are disclosed by way of notes after careful evaluation by the management of the facts and legal aspects of the matters involved. Contingent assets are neither recognized nor disclosed in the financial statement.

**Nakshatra World Limited ( Formerly Known as Gitanjali Brands Limited)**

**ANNEXURES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS AS AT,**

	(INR - million)						
	Six month period - ended September 2016	Six month period - ended September 2015	Twelve month period ended - 2016	Twelve month period ended - 2015	Twelve month period ended - 2014	Twelve month period ended - 2013	Twelve month period ended - 2012
<b><u>ANNEXURE 5 - Share Capital</u></b>							
<b>Authorised :</b>							
17,666,000 Equity Shares of Rs. 5/- each	88.33	88.33	88.33	88.33	88.33	88.33	0.00
18,000,000 Equity Shares of Rs. 5/- each	-	-	-	-	-	-	90.00
334,000 9% Non Cumulative Preference Shares of Rs. 5/- each	1.67	1.67	1.67	1.67	1.67	1.67	0.00
	<b>90.00</b>	<b>90.00</b>	<b>90.00</b>	<b>90.00</b>	<b>90.00</b>	<b>90.00</b>	<b>90.00</b>
<b>Issued, Subscribed &amp; Paid up :</b>							
17,491,054 Equity Shares of Rs. 5 each fully paid up	87.46	87.46	87.46	87.46	87.46	87.46	-
16,700,001 Equity Shares of Rs. 5 each fully paid up	-	-	-	-	-	-	83.50
<b>TOTAL</b>	<b>87.46</b>	<b>87.46</b>	<b>87.46</b>	<b>87.46</b>	<b>87.46</b>	<b>87.46</b>	<b>83.50</b>
<b><u>ANNEXURE 6 - Reserves &amp; Surplus</u></b>							
<b>(I) Share Premium</b>							
Balance as per Last financial statements	2,013.84	2,013.84	2,013.84	2,013.84	2,013.84	217.75	217.75
Add : Securities premium credited on share issue	-	-	-	-	-	1,796.09	0.00
Closing Balance	2,013.84	2,013.84	2,013.84	2,013.84	2,013.84	2,013.84	217.75
<b>(IV) Capital Reserve</b>							
Balance as per last financial statement	5,490.27	5,490.27	5,490.27	-	-	-	-
Add : During the Year	0.00	0.00	0.00	5,490.27	-	-	-
Closing Balance	5,490.27	5,490.27	5,490.27	5,490.27	-	-	-
<b>(II) Profit &amp; Loss Balance</b>							
Balance as per Last financial statements	1,054.66	1,048.62	1,048.62	1,020.26	972.92	634.14	358.21
Add : Surplus as per Statement of Profit & Loss	23.82	21.02	6.04	28.54	47.34	338.78	275.92
Add: Prior period tax provision	-	-	-	(0.14)	-	-	-
Closing Balance	1,078.48	1,069.64	1,054.66	1,048.66	1,020.26	972.92	634.13
<b>TOTAL</b>	<b>8,582.59</b>	<b>8,573.75</b>	<b>8,558.77</b>	<b>8,552.77</b>	<b>3,034.10</b>	<b>2,986.76</b>	<b>851.88</b>
<b><u>ANNEXURE 7 - Other long term liabilities</u></b>							

		(INR - million)						
		Six month period - ended September 2016	Six month period - ended September 2015	Twelve month period ended - 2016	Twelve month period ended - 2015	Twelve month period ended - 2014	Twelve month period ended - 2013	Twelve month period ended - 2012
Loans & Advance from Related Parties		150.06	150.06	150.06	150.06	-	-	1,200.21
Share warrants money refundable		0.00	0.00	0.00	20.00	0.00	0.00	0.00
<b>TOTAL</b>		<b>150.06</b>	<b>150.06</b>	<b>150.06</b>	<b>170.06</b>	<b>0.00</b>	<b>0.00</b>	<b>1,200.21</b>
<b><u>ANNEXURE 8 - Long Term Provisions</u></b>								
Provision for Employee Benefits		3.28	2.57	3.47	2.75	2.33	4.05	2.34
(It includes provision for Gratuity & Leave Encashment)								
Provisions for taxation		-	-	-	-	-	-	-
<b>TOTAL</b>		<b>3.28</b>	<b>2.57</b>	<b>3.47</b>	<b>2.75</b>	<b>2.33</b>	<b>4.05</b>	<b>2.34</b>
<b><u>ANNEXURE 9 - Short Term Borrowings</u></b>								
<b><u>Secured</u></b>								
Working Capital Facilities from Banks		3,738.42	4,134.69	4,303.38	3,896.78	3,578.21	900.36	253.31
<b>TOTAL</b>		<b>3,738.42</b>	<b>4,134.69</b>	<b>4,303.38</b>	<b>3,896.78</b>	<b>3,578.21</b>	<b>900.36</b>	<b>253.31</b>
<b><u>ANNEXURE 10 - Trade Payables</u></b>								
Creditors for Goods		5,933.98	2,252.75	1,435.59	3,187.56	1,866.03	4,949.14	4,619.18
Creditors for Labour		0.70	11.27	4.87	11.11	16.66	10.32	6.97
Creditors for Expenses		7.41	12.19	8.62	12.40	12.33	16.82	16.41
<b>TOTAL</b>		<b>5,942.09</b>	<b>2,276.21</b>	<b>1,449.08</b>	<b>3,211.07</b>	<b>1,895.02</b>	<b>4,976.28</b>	<b>4,642.56</b>
<b><u>ANNEXURE 11 - Other Current Liabilities</u></b>								
Advance Received from Customers		94.37	53.40	54.59	48.10	53.76	64.79	33.97
Statutory Liabilities		0.62	0.66	0.79	1.47	4.98	3.73	1.51
Share warrants money refundable		20.00	28.00	28.00	16.00	-	-	-
Other Payables		8.68	15.34	13.18	16.36	10.54	23.49	23.52
<b>TOTAL</b>		<b>123.67</b>	<b>97.40</b>	<b>96.56</b>	<b>81.93</b>	<b>69.28</b>	<b>92.01</b>	<b>59.00</b>
<b><u>ANNEXURE 12 - Short Term Provisions</u></b>								
Provision for Employee Benefits		-	-	0.13	0.09	0.66	0.25	0.02
Provision for Taxation		16.56	20.60	9.73	15.63	65.73	71.30	7.05

	(INR - million)					
	Six month period - ended September 2016	Six month period - ended September 2015	Twelve month period ended - 2016	Twelve month period ended - 2015	Twelve month period ended - 2014	Twelve month period ended - 2013
TOTAL	16.56	20.60	9.86	15.72	66.39	71.55
	7.07					

**Annexure 13 : Restated Fixed Assets**

As at : 30th September,2016											
(INR - million)											
	Fixed Assets	Gross Block				Accumulated Depreciation				Net Block	
		Balance as at 1st April, 2016	Additions	Disposals	Balance as at 30th September, 2016	Balance as at 1st April, 2016	Depreciation charge for the period	Disposals	Balance as at 30th September, 2016	Balance as at, 30th September, 2016	Balance as at 31st March, 2016
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
a	<b>Tangible Assets</b>										
	Plant & Equipment	12.30	0.21	0.00	12.51	8.93	0.35	0.00	9.29	3.22	3.36
	Furniture & Fixtures	1.63	0.00	0.00	1.63	0.75	0.12	0.00	0.86	0.77	0.89
	Vehicles	1.98	0.00	0.00	1.98	1.66	0.06	0.00	1.71	0.27	0.32
	Office equipment	2.31	0.00	0.00	2.31	2.11	0.04	0.00	2.15	0.16	0.20
	Weighing Scale	0.14	0.00	0.00	0.14	0.09	0.00	0.00	0.10	0.04	0.05
	Computers	4.16	0.00	0.00	4.16	4.05	0.00	0.00	4.05	0.12	0.12
	Moulds & Masters	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Air Conditioner	0.11	0.00	0.00	0.11	0.05	0.01	0.00	0.06	0.06	0.06
	<b>Total</b>	22.64	0.21	0.00	22.86	17.64	0.58	-	18.22	4.64	5.00
b	<b>Intangible Assets</b>										
	Computer software	0.78	0.01	0.00	0.79	0.67	0.02	0.00	0.69	0.10	0.11
	<b>Total</b>	0.78	0.01	0.00	0.79	0.67	0.02	-	0.69	0.10	0.11
	<b>Grand Total</b>	<b>23.42</b>	<b>0.22</b>	<b>0.00</b>	<b>23.64</b>	<b>18.31</b>	<b>0.60</b>	<b>0.00</b>	<b>18.91</b>	<b>4.74</b>	<b>5.11</b>
	<b>Previous Year</b>	<b>30.84</b>	<b>0.43</b>	<b>7.84</b>	<b>23.42</b>	<b>24.45</b>	<b>1.70</b>	<b>7.84</b>	<b>18.31</b>	<b>5.11</b>	<b>-</b>

As at : 30th September,2015											
(INR - million)											
	Fixed Assets	Gross Block				Accumulated Depreciation				Net Block	
		Balance as at 1st April, 2015	Additions	Disposals	Balance as at 30th September, 2015	Balance as at 1st April, 2015	Depreciation charge for the period	Disposals	Balance as at 30th September, 2015	Balance as at, 30th September, 2015	Balance as at 31st March, 2015
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
a	<b>Tangible Assets</b>										
	Plant & Equipment	12.22	0.08	0.00	12.30	8.06	0.43	0.00	8.50	3.80	4.16
	Furniture & Fixtures	1.35	0.43	0.04	1.74	0.52	0.12	0.04	0.60	1.15	0.83
	Vehicles	1.98	0.00	0.00	1.98	1.49	0.09	0.00	1.57	0.41	0.49
	Office equipment	2.29	0.02	0.00	2.31	1.92	0.10	0.00	2.02	0.29	0.37
	Weighing Scale	0.14	0.00	0.00	0.14	0.08	0.01	0.00	0.09	0.05	0.06
	Computers	4.16	0.00	0.00	4.16	3.95	0.07	0.00	4.03	0.14	0.21
	Moulds & Masters	7.80	0.00	7.80	0.00	7.80	0.00	7.80	0.00	0.00	0.00
	Air Conditioner	0.11	0.00	0.00	0.11	0.04	0.01	0.00	0.04	0.07	0.08
	<b>Total</b>	30.06	0.53	7.84	22.75	23.86	0.83	7.84	16.84	5.91	6.21
b	<b>Intangible Assets</b>										
	Computer software	0.77	0.01	0.00	0.78	0.59	0.04	0.00	0.63	0.15	0.18
	<b>Total</b>	0.77	0.01	0.00	0.78	0.59	0.04	0.00	0.63	0.15	0.18
	<b>Grand Total</b>	<b>30.84</b>	<b>0.54</b>	<b>7.84</b>	<b>23.53</b>	<b>24.45</b>	<b>0.86</b>	<b>7.84</b>	<b>17.47</b>	<b>6.06</b>	<b>6.39</b>
	<b>Previous Year</b>	<b>45.45</b>	<b>0.60</b>	<b>15.22</b>	<b>30.84</b>	<b>29.98</b>	<b>5.35</b>	<b>10.88</b>	<b>24.45</b>	<b>6.39</b>	<b>-</b>

As at : 31st March, 2016											
(INR - million)											
	Fixed Assets	Gross Block				Accumulated Depreciation				Net Block	
		Balance as at 1st April, 2015	Additions	Disposals	Balance as at 31st March, 2016	Balance as at 1st April, 2015	Depreciation charge for the year	Disposals	Balance as at 31st March, 2016	Balance as at, 31st March, 2016	Balance as at 31st March, 2015
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
a	<b>Tangible Assets</b>										
	Plant & Equipment	12.22	0.08	0.00	12.30	8.06	0.87	0.00	8.93	3.36	4.16
	Furniture & Fixtures	1.35	0.33	0.04	1.63	0.52	0.27	0.04	0.75	0.89	0.83
	Vehicles	1.98	0.00	0.00	1.98	1.49	0.17	0.00	1.66	0.32	0.49
	Office equipment	2.29	0.02	0.00	2.31	1.92	0.20	0.00	2.11	0.20	0.37
	Weighing Scale	0.14	0.00	0.00	0.14	0.08	0.01	0.00	0.09	0.05	0.06
	Computers	4.16	0.00	0.00	4.16	3.95	0.09	0.00	4.05	0.12	0.21
	Moulds & Masters	7.80	0.00	7.80	0.00	7.80	0.00	7.80	0.00	0.00	0.00
	Air Conditioner	0.11	0.00	0.00	0.11	0.04	0.01	0.00	0.05	0.06	0.08
	<b>Total</b>	30.06	0.42	7.84	22.64	23.86	1.63	7.84	17.64	5.00	6.21
b	<b>Intangible Assets</b>										
	Computer software	0.77	0.01	0.00	0.78	0.59	0.08	0.00	0.67	0.11	0.18
	<b>Total</b>	0.77	0.01	0.00	0.78	0.59	0.08	0.00	0.67	0.11	0.18
	<b>Grand Total</b>	<b>30.84</b>	<b>0.43</b>	<b>7.84</b>	<b>23.42</b>	<b>24.45</b>	<b>1.70</b>	<b>7.84</b>	<b>18.31</b>	<b>5.11</b>	<b>6.39</b>
	<b>Previous Year</b>	<b>45.45</b>	<b>0.60</b>	<b>15.22</b>	<b>30.84</b>	<b>29.98</b>	<b>5.35</b>	<b>10.88</b>	<b>24.45</b>	<b>6.39</b>	<b>-</b>



As at : 31st March, 2015											
(INR - million)											
	Fixed Assets	Gross Block				Accumulated Depreciation				Net Block	
		Balance as at 1st April, 2014	Additions	Disposals	Balance as at 31st March, 2015	Balance as at 1st April, 2014	Depreciation charge for the year	Disposals	Balance as at 31st March, 2015	Balance as at, 31st March, 2015	Balance as at 31st March, 2014
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
a	<b>Tangible Assets</b>										
	Plant & Equipment	11.62	0.60	0.00	12.22	7.05	1.01	0.00	8.06	4.16	4.57
	Furniture & Fixtures	16.56	0.00	15.22	1.35	9.10	2.30	10.88	0.52	0.83	7.46
	Vehicles	1.98	0.00	0.00	1.98	1.22	0.26	0.00	1.49	0.49	0.76
	Office equipment	2.29	0.00	0.00	2.29	0.99	0.93	0.00	1.92	0.37	1.30
	Weighing Scale	0.14	0.00	0.00	0.14	0.07	0.01	0.00	0.08	0.06	0.07
	Computers	4.16	0.00	0.00	4.16	3.26	0.69	0.00	3.95	0.21	0.90
	Moulds & Masters	7.80	0.00	0.00	7.80	7.80	0.00	0.00	7.80	0.00	0.00
	Air Conditioner	0.11	0.00	0.00	0.11	0.02	0.02	0.00	0.04	0.08	0.09
	<b>Total</b>	44.68	0.60	15.22	30.06	29.52	5.22	10.88	23.86	6.21	15.16
b	<b>Intangible Assets</b>										
	Computer software	0.77	0.00	0.00	0.77	0.47	0.12	0.00	0.59	0.18	0.31
	<b>Total</b>	0.77	0.00	0.00	0.77	0.47	0.12	0.00	0.59	0.18	0.31
	<b>Grand Total</b>	<b>45.45</b>	<b>0.60</b>	<b>15.22</b>	<b>30.84</b>	<b>29.98</b>	<b>5.35</b>	<b>10.88</b>	<b>24.45</b>	<b>6.39</b>	<b>15.47</b>
	<b>Previous Year</b>	<b>50.86</b>	<b>5.65</b>	<b>11.06</b>	<b>45.45</b>	<b>30.81</b>	<b>3.67</b>	<b>4.50</b>	<b>29.98</b>	<b>15.47</b>	<b>-</b>

As at : 31st March, 2014											
(INR - million)											
	Fixed Assets	Gross Block				Accumulated Depreciation				Net Block	
		Balance as at 1st April, 2013	Additions	Disposals	Balance as at 31st March, 2014	Balance as at 1st April, 2013	Depreciation charge for the year	Disposals	Balance as at 31st March, 2014	Balance as at, 31st March, 2014	Balance as at 31st March, 2013
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
a	<b>Tangible Assets</b>										
	Plant & Equipment	21.05	0.00	9.43	11.62	10.46	0.75	4.16	7.05	4.57	10.59
	Furniture & Fixtures	11.65	5.15	0.23	16.56	7.57	1.57	0.04	9.11	7.46	4.07
	Vehicles	1.98	0.00	0.00	1.98	0.96	0.26	0.00	1.22	0.76	1.02
	Office equipment	2.53	0.19	0.38	2.33	0.80	0.24	0.04	1.00	1.33	1.73
	Weighing Scale	0.23	0.02	0.11	0.14	0.08	0.01	0.03	0.07	0.07	0.15
	Computers	4.50	0.21	0.59	4.12	2.83	0.60	0.18	3.25	0.88	1.67
	Moulds & Masters	7.80	0.00	0.00	7.80	7.80	0.00	0.00	7.80	0.00	0.00
	Air Conditioner	0.35	0.08	0.32	0.11	0.05	0.02	0.05	0.02	0.09	0.31
	<b>Total</b>	50.09	5.65	11.06	44.68	30.55	3.46	4.50	29.52	15.16	19.54
b	<b>Intangible Assets</b>										
	Computer software	0.77	0.00	0.00	0.77	0.27	0.20	0.00	0.47	0.31	0.51
	<b>Total</b>	0.77	0.00	0.00	0.77	0.27	0.20	0.00	0.47	0.31	0.51
	<b>Grand Total</b>	<b>50.86</b>	<b>5.65</b>	<b>11.06</b>	<b>45.45</b>	<b>30.81</b>	<b>3.67</b>	<b>4.50</b>	<b>29.98</b>	<b>15.47</b>	<b>20.05</b>
	<b>Previous Year</b>	<b>46.28</b>	<b>4.66</b>	<b>0.07</b>	<b>50.86</b>	<b>26.93</b>	<b>3.91</b>	<b>0.03</b>	<b>30.81</b>	<b>20.05</b>	<b>-</b>

As at : 31st March, 2013											
(INR - million)											
	Fixed Assets	Gross Block				Accumulated Depreciation				Net Block	
		Balance as at 1st April, 2012	Additions	Disposals	Balance as at 31st March, 2013	Balance as at 1st April, 2012	Depreciation charge for the year	Disposals	Balance as at 31st March, 2013	Balance as at, 31st March, 2013	Balance as at 31st March, 2012
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
a	<b>Tangible Assets</b>										
	Plant & Equipment	20.60	0.46	0.00	21.05	8.78	1.68	0.00	10.46	10.59	11.82
	Furniture & Fixtures	11.29	0.36	0.00	11.65	6.70	0.88	0.00	7.57	4.07	4.59
	Vehicles	1.20	0.78	0.00	1.98	0.71	0.24	0.00	0.96	1.02	0.49
	Office equipment	1.80	0.73	0.00	2.53	0.55	0.25	0.00	0.80	1.73	1.25
	Weighing Scale	0.17	0.06	0.00	0.23	0.06	0.02	0.00	0.08	0.15	0.11
	Computers	2.93	1.64	0.07	4.50	2.20	0.66	0.03	2.83	1.67	0.74
	Moulds & Masters	7.80	0.00	0.00	7.80	7.80	0.00	0.00	7.80	-	-
	Air Conditioner	0.06	0.29	0.00	0.35	0.02	0.03	0.00	0.05	0.31	0.05
	<b>Total</b>	45.85	4.31	0.07	50.09	26.81	3.76	0.03	30.55	19.54	19.04
b	<b>Intangible Assets</b>										
	Computer software	0.43	0.35	0.00	0.77	0.12	0.15	0.00	0.27	0.51	0.31
	<b>Total</b>	0.43	0.35	-	0.77	0.12	0.15	-	0.27	0.51	0.31
	<b>Grand Total</b>	<b>46.28</b>	<b>4.66</b>	<b>0.07</b>	<b>50.86</b>	<b>26.93</b>	<b>3.91</b>	<b>0.03</b>	<b>30.81</b>	<b>20.05</b>	<b>19.35</b>
	<b>Previous Year</b>	<b>41.84</b>	<b>4.89</b>	<b>0.45</b>	<b>46.28</b>	<b>19.76</b>	<b>7.22</b>	<b>0.05</b>	<b>26.93</b>	<b>19.35</b>	<b>-</b>

As at : 31st March, 2012											
(INR - million)											
	Fixed Assets	Gross Block				Accumulated Depreciation				Net Block	
		Balance as at 1st April, 2011	Additions	Disposals	Balance as at 31st March, 2012	Balance as at 1st April, 2011	Depreciation charge for the year	Disposals	Balance as at 31st March, 2012	Balance as at, 31st March, 2012	Balance as at 31st March, 2011
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
a	<b>Tangible Assets</b>										
	Plant & Equipment	20.42	0.18	0.00	20.60	6.86	1.91	0.00	8.78	11.82	13.56
	Furniture & Fixtures	11.62	0.07	0.40	11.29	5.73	1.02	0.05	6.70	4.59	5.89
	Vehicles	1.20	0.00	0.00	1.20	0.54	0.17	0.00	0.71	0.49	0.66
	Office equipment	1.44	0.41	0.05	1.80	0.33	0.22	0.00	0.55	1.25	1.11
	Weighing Scale	0.17	0.00	0.00	0.17	0.05	0.02	0.00	0.06	0.11	0.12
	Computers	2.51	0.42	0.00	2.93	1.79	0.40	0.00	2.20	0.74	0.72
	Moulds & Masters	4.45	3.35	0.00	7.80	4.45	3.35	0.00	7.80	-	-
	Air Conditioner	0.03	0.03	0.00	0.06	0.01	0.01	0.00	0.02	0.05	0.02
	<b>Total</b>	41.84	4.46	0.45	45.85	19.76	7.10	0.05	26.81	19.04	22.08
b	<b>Intangible Assets</b>										
	Computer software	0.00	0.43	0.00	0.43	0.00	0.12	0.00	0.12	0.31	-
	<b>Total</b>	-	0.43	-	0.43	-	0.12	-	0.12	0.31	-
	<b>Grand Total</b>	41.84	4.89	0.45	46.28	19.76	7.22	0.05	26.93	19.35	22.08
	<b>Previous Year</b>	36.23	5.62	0.00	41.84	11.58	8.18	0.00	19.76	22.08	-

#### **ANNEXURE 14 - Non Current Investments**

##### **(I) Investment in Equity Instruments**

##### **Unquoted equity shares in subsidiary companies**

Asmi Jewellery India Ltd. 850,000 equity shares of Rs. 10/- each. Refer annexure- 29-d	-	-	-	-	374.50	374.50	374.50
Nakshtra Brands Ltd. 2,750,000 equity shares of Rs. 10/- each. Up to 31.03.2014 Refer annexure - 29-d	-	-	-	-	523.48	523.48	523.48
Nakshtra Brands Ltd 4,059,815 equity shares of Rs. 10/- each - Effective 01-04-2014 Refer annexure no - 29-d	6,388.68	6,388.68	6,388.68	6,388.68	-	-	-
BEZEL Jewellery (India) Pvt Ltd. (Formerly known as D'Damas Jewellery India Pvt. Ltd. ) 2,602,050 equity shares of Rs. 10/- each	40.75	40.75	40.75	40.75	40.75	40.75	40.75
GILI India Ltd. 6,600,000 equity shares of Rs.10/- each.	880.00	880.00	880.00	880.00	880.00	880.00	880.00
Spectrum Jewellery Limited. 50,000 equity shares of Rs. 10/- each. Refer annexure no - 29-d	-	-	-	-	0.42	0.42	0.42
Shubalavanyaa Jewel Crafts Private Limited. 2,550 Equity Shares of Rs. 100/- each. Refer annexure no - 29-b	-	-	-	-	1.78	1.78	1.78
<b><u>Unquoted equity shares in co-operative bank</u></b>							
100 equity shares of Rs 25/- each fully paid up of Shamrao Vithal Co-op Bank Ltd.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>7,309.43</b>	<b>7,309.43</b>	<b>7,309.43</b>	<b>7,309.43</b>	<b>1,820.93</b>	<b>1,820.93</b>	<b>1,820.93</b>

#### **ANNEXURE – 15 : DEFERRED TAX ASSETS AND LIABILITIES AS AT**

(INR - million)

Particulars	September 30, 2016	September 30, 2015	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	-	-	-	-	-	-	-
<b>Gross Deferred Tax Liability</b>	-	-	-	-	-	-	-
<b>Deferred Tax Asset</b>							
Provision for leave Salary/Gratuity	1.01	1.02	1.11	0.92	0.97	1.40	0.77
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	7.43	7.14	6.41	6.38	4.58	3.47	1.66
<b>Gross Deferred Tax Asset</b>	8.44	8.06	7.52	7.30	5.55	4.87	2.43

Particulars	September 30, 2016	September 30, 2015	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Net Deferred tax Asset/(Liability)	8.44	8.06	7.52	7.30	5.55	4.87	2.43

The Gross Deferred Tax Liabilities and Deferred Tax Asset is shown above.

The same is reported on net basis in the Standalone Financial Statements.

#### **ANNEXURE 16 - Long Term Loans & Advances and Other Assets**

##### **Unsecured, Considered Good**

Advances recoverable in cash or in kind	13.35	0.00	0.00	0.00	0.00	0.00	0.00
Security deposits	49.07	150.65	42.57	78.63	42.55	44.22	45.07
Loans & Advance to Related Parties	-	27.27	27.27	27.27	27.27	27.27	27.27
<b>Other Loans &amp; Advances</b>							
Balance with Revenue Authorities	87.08	95.22	75.53	92.69	76.78	78.50	3.48
Fixed deposits**	0.23	0.23	0.23	0.23	0.23	0.00	0.00
Others	-	-	-	-	-	-	61.79
<b>TOTAL</b>	<b>149.73</b>	<b>273.37</b>	<b>145.60</b>	<b>198.82</b>	<b>146.83</b>	<b>149.99</b>	<b>137.61</b>

\*\* FD with maturity more than 12 months from balance sheet date, held under lien

#### **ANNEXURE 17 – Inventories**

Raw materials	513.14	50.25	54.04	1,016.36	46.58	197.97	408.44
Finished goods / Trading goods	89.94	549.74	720.09	385.96	199.11	2,034.49	1,420.54
<b>TOTAL</b>	<b>603.08</b>	<b>599.99</b>	<b>774.13</b>	<b>1,402.32</b>	<b>245.69</b>	<b>2,232.46</b>	<b>1,828.98</b>

#### **ANNEXURE 18 - Trade Receivables**

(Unsecured )

Outstanding for more than six months considered good	4,204.87	3,338.57	1,049.64	3,358.14	4,356.33	1,150.61	563.01
Outstanding for more than six months considered doubtful	-	-	-	-	-	-	-
	<b>4,204.87</b>	<b>3,338.57</b>	<b>1,049.64</b>	<b>3,358.14</b>	<b>4,356.33</b>	<b>1,150.61</b>	<b>563.01</b>
Others considered good	6,137.17	3,618.50	5,189.06	3,545.27	1,900.24	3,724.64	2,404.60
	<b>6,137.17</b>	<b>3,618.50</b>	<b>5,189.06</b>	<b>3,545.27</b>	<b>1,900.24</b>	<b>3,724.64</b>	<b>2,404.60</b>
<b>Sub Total</b>	<b>10,342.04</b>	<b>6,957.07</b>	<b>6,238.70</b>	<b>6,903.41</b>	<b>6,256.57</b>	<b>4,875.25</b>	<b>2,967.61</b>
Less: Provision for doubtful debts	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>10,342.04</b>	<b>6,957.07</b>	<b>6,238.70</b>	<b>6,903.41</b>	<b>6,256.57</b>	<b>4,875.25</b>	<b>2,967.61</b>

#### **ANNEXURE 19 - Cash and Bank Balance**

##### **Cash and Cash Equivalents**

Balances with Banks	54.84	42.68	4.70	19.47	9.35	29.34	36.38
---------------------	-------	-------	------	-------	------	-------	-------

Cash on Hand	0.06	0.12	0.05	0.06	0.73	0.31	0.18
<b>Other Bank Balances</b>							
Fixed deposits **	88.87	89.78	92.02	110.55	208.77	363.20	270.82
Margin account	2.01	2.02	2.01	2.05	0.00	359.49	0.59
<b>TOTAL</b>	<b>145.78</b>	<b>134.60</b>	<b>98.79</b>	<b>132.13</b>	<b>218.85</b>	<b>752.34</b>	<b>307.97</b>
** Fixed deposits with maturity less than 12 months from balance sheet date.							
<b><u>ANNEXURE 20 - Short Term Loans &amp; Advances and Other Assets</u></b>							
Advances to Suppliers	15.18	7.39	14.44	7.00	11.02	8.93	9.44
Balance with Revenue authorities	59.39	42.95	59.84	48.44	44.98	51.34	44.45
Others	6.32	3.82	5.08	3.30	6.91	2.31	1.10
<b>TOTAL</b>	<b>80.89</b>	<b>54.16</b>	<b>79.36</b>	<b>58.74</b>	<b>62.90</b>	<b>62.58</b>	<b>54.99</b>
<b><u>ANNEXURE 21 - Revenue from Operations</u></b>							
<b><u>Exports (Including Deemed Exports)</u></b>							
Diamonds	217.19	186.38	186.38	-	-	-	12.55
Jewellery & Others	1,021.57	58.34	1,050.40	49.75	2,476.86	3,105.54	2,187.01
	<b>1,238.76</b>	<b>244.72</b>	<b>1,236.78</b>	<b>49.75</b>	<b>2,476.86</b>	<b>3,105.54</b>	<b>2,199.55</b>
<b><u>Local</u></b>							
Diamonds	256.27	824.27	1,047.82	2,723.01	546.25	268.90	29.54
Jewellery & Others	6,564.70	3,971.52	12,556.14	10,699.19	11,920.70	19,465.43	16,912.40
	<b>6,820.97</b>	<b>4,795.79</b>	<b>13,603.96</b>	<b>13,422.20</b>	<b>12,466.95</b>	<b>19,734.33</b>	<b>16,941.94</b>
<b>TOTAL</b>	<b>8,059.73</b>	<b>5,040.51</b>	<b>14,840.74</b>	<b>13,471.95</b>	<b>14,943.81</b>	<b>22,839.87</b>	<b>19,141.49</b>
<b><u>ANNEXURE 22 - Other Income</u></b>							
Insurance claim Received	0.00	18.14	18.14	0.00	0.00	0.00	0.76
Exchange Difference Gain (Net)	32.56	77.22	15.41	108.10	56.44	68.29	53.06
Sundry creditors w/back	-	-	56.04	-	-	-	7.55
Freight charges received	0.19	0.02	0.68	0.03	1.74	2.28	2.05
Miscellaneous Income	0.10	0.09	0.87	0.39	1.83	0.15	0.63
<b>TOTAL</b>	<b>32.85</b>	<b>95.47</b>	<b>91.14</b>	<b>108.52</b>	<b>60.01</b>	<b>70.72</b>	<b>64.05</b>
<b><u>ANNEXURE 23 - Purchase of Raw Material &amp; Traded Goods</u></b>							
Diamonds	880.32	465.59	797.74	5,217.49	527.95	125.44	4.73
Jewellery & Others	6,771.50	3,583.48	12,933.90	8,870.63	11,761.75	22,173.93	19,465.06



<b>TOTAL</b>	<b>7,651.82</b>	<b>4,049.07</b>	<b>13,731.64</b>	<b>14,088.12</b>	<b>12,289.70</b>	<b>22,299.37</b>	<b>19,469.79</b>
<b><u>ANNEXURE 24 - Changes in Inventories</u></b>							
<b>Opening Stock</b>							
Diamonds	521.40	937.53	937.53	0.32	11.16	138.48	0.00
Jewellery & Others	252.73	464.79	464.79	245.36	2,221.31	1,690.50	870.06
<b>(A)</b>	<b>774.13</b>	<b>1,402.32</b>	<b>1,402.32</b>	<b>245.68</b>	<b>2,232.47</b>	<b>1,828.98</b>	<b>870.06</b>
<b>Closing Stock</b>							
Diamonds	504.81	463.05	521.40	937.53	0.32	11.16	138.48
Jewellery & Others	98.27	136.95	252.73	464.79	245.36	2,221.31	1,690.50
<b>(B)</b>	<b>603.08</b>	<b>600.00</b>	<b>774.13</b>	<b>1,402.32</b>	<b>245.68</b>	<b>2,232.47</b>	<b>1,828.98</b>
<b>TOTAL (A-B)</b>	<b>171.05</b>	<b>802.32</b>	<b>628.19</b>	<b>(1,156.64)</b>	<b>1,986.78</b>	<b>(403.49)</b>	<b>(958.92)</b>
<b><u>ANNEXURE 25 - Employee Benefit Expenses</u></b>							
<b>Payment to and Provision for Employees</b>							
Salary, Bonus & Allowances	15.15	15.27	32.08	33.15	51.91	67.54	58.46
Contribution to P.F. & Other Funds	0.79	0.72	1.61	1.49	1.33	1.97	2.28
Gratuity	-	-	0.93	1.02	(0.10)	0.80	1.42
Staff Welfare	0.01	0.03	0.06	0.45	1.04	1.40	0.92
<b>TOTAL</b>	<b>15.95</b>	<b>16.02</b>	<b>34.68</b>	<b>36.11</b>	<b>54.18</b>	<b>71.71</b>	<b>63.08</b>
<b><u>ANNEXURE 26 - Finance Cost</u></b>							
Bank Interest (Net)	174.15	205.78	413.42	449.25	387.62	184.49	140.63
Other expenses	14.52	1.71	38.06	12.77	16.63	6.35	49.02
<b>TOTAL</b>	<b>188.67</b>	<b>207.49</b>	<b>451.48</b>	<b>462.02</b>	<b>404.25</b>	<b>190.84</b>	<b>189.65</b>
<b><u>ANNEXURE 27 - Other Expenses</u></b>							
Advertisement, Selling & Distribution expenses	5.33	4.69	6.68	39.10	76.70	123.64	36.40
Auditor's Remuneration	-	0.20	0.66	0.65	0.55	1.12	0.19
Bank charges & Commission	0.14	0.06	2.32	2.90	1.16	61.61	-
Consumption of stores & spare parts	-	-	0.09	0.16	0.22	0.84	0.21
Insurance	0.14	0.05	0.21	0.93	1.11	1.66	1.74
Labour Charges	1.36	22.35	42.98	45.11	99.55	-	-
Legal, Professional And Service Charges	3.72	4.77	10.26	6.57	5.24	12.35	7.14
Miscellaneous Expenses	0.69	0.54	1.63	6.57	10.48	166.90	18.88
Power & fuel	0.36	0.19	0.65	1.58	2.01	2.26	2.49
Provision for Doubtful debts & Bad Debts W/off	27.27	-	0.34	5.39	2.45	-	-
Rent, Rates & Taxes	2.08	1.12	3.95	8.24	13.40	13.43	10.46
Repairs & Maintenance	0.00	0.02	0.03	0.07	0.21	0.54	0.30

Travelling Expenses	0.14	0.77	1.41	2.01	3.87	6.17	5.00
Postage, Telephones & Communication charges	0.36	0.13	0.58	0.86	1.63	1.39	3.47
<b>TOTAL</b>	<b>41.59</b>	<b>34.89</b>	<b>71.79</b>	<b>120.14</b>	<b>218.58</b>	<b>391.91</b>	<b>86.28</b>

## **ANNEXURE – 28: SHARE CAPITAL**

a. Details of Authorised, Issued, Subscribed and Paid up Capital as at,

<b><u>Authorized share capital</u></b>	<b><u>Equity Shares of Rs.5/- each.</u></b>	<b><u>9% Non cumulative Preference Share of Rs.5 each</u></b>
September 30, 2016	17,666,000 equity shares amounting to Rs 88.33 million	3,34,000 preference shares amounting to Rs 1.67 million
September 30, 2015	17,666,000 equity shares amounting to Rs 88.33 million	3,34,000 preference shares amounting to Rs 1.67 million
March 31, 2016	17,666,000 equity shares amounting to Rs 88.33 million	3,34,000 preference shares amounting to Rs 1.67 million
March 31, 2015	17,666,000 equity shares amounting to Rs 88.33 million	3,34,000 preference shares amounting to Rs 1.67 million
March 31, 2014	17,666,000 equity shares amounting to Rs 88.33 million	3,34,000 preference shares amounting to Rs 1.67 million
March 31, 2013	17,666,000 equity shares amounting to Rs 88.33 million	3,34,000 preference shares amounting to Rs 1.67 million
March 31, 2012	18,000,000 equity shares amounting to Rs 90.00 million	-

<b><u>Issued, Subscribed &amp; Paid up capital</u></b>	<b><u>Equity Shares of Rs.5/- each.</u></b>
September 30, 2016	17,491,054 equity shares amounting to Rs 87.46 million
September 30, 2015	17,491,054 equity shares amounting to Rs 87.46 million
March 31, 2016	17,491,054 equity shares amounting to Rs 87.46 million
March 31, 2015	17,491,054 equity shares amounting to Rs 87.46 million
March 31, 2014	17,491,054 equity shares amounting to Rs 87.46 million
March 31, 2013	17,491,054 equity shares amounting to Rs 87.46 million
March 31, 2012	16,700,001 equity shares amounting to Rs 83.50 million

Note:

- The company's Equity Shares have been sub - divided from one share of Rs. 10/- each to two shares of Rs. 5/- each, during Financial Year: 2010 – 2011.
- During financial year 2012- 13, the Company at its extra ordinary general meeting held on November 5, 2012 decided to reclassify its existing un issued 3,34,000 equity shares of Rs 5/- each in to 3,34,000 9% non cumulative redeemable preference shares of Rs 5/- each.
- Subsequent to 30.09.2016, the shareholders at its meeting held on October 24, 2016 increased the authorized share capital of the company by Rs. 71,00,00,000/- by creation of additional 14,20,00,000 Equity Shares of Rs. 5/- each ranking pari passu in all respect with the existing Equity Shares of the Company. Thus, authorized Share Capital stood at Rs. 80,00,00,000 divided into 16,00,00,000 Equity Shares of Rs. 5 each. Further, the shareholders of the Company in its meeting held on December 08, 2016 approved consolidation of the entire Authorized, Issued, Subscribed and Paid-up equity shares of the Company by increasing the face value of the equity shares from Rs.5/- each to Rs.10/- each. Thus, as at the signing date of report authorized share capital of the Company stood at Rs. 80,00,00,000/- divided into 8,00,00,000 equity shares of Rs. 10 each and issued, subscribed and paid up capital stood at Rs. 8,74,55,270 consisting of 87,45,527 equity shares of Rs 10 each.

4. On December 15, 2016 the board of directors of the company recommended issue of bonus shares to the existing shareholders in the ratio of four new shares to every one existing share held by capitalization of Rs.34,98,21,080/- (Thirty Four Crores Ninety Eight Lakhs Twenty One Thousand and Eighty Only) out of Company's free reserves or Securities Premium Account in full or part as may be deemed fit for utilization for the purpose of issuance of Bonus Equity Shares.

- b. Reconciliation of number of shares at the beginning and at the end of the period,

<u>Issued, Subscribed &amp; Paid up capital</u>	<u>Shares outstanding at the beginning of the year</u>	<u>Shares issued during the year</u>	<u>Shares outstanding at the end of the year</u>
September 30, 2016	17,491,054	-	17,491,054
September 30, 2015	17,491,054	-	17,491,054
March 31, 2016	17,491,054	-	17,491,054
March 31, 2015	17,491,054	-	17,491,054
March 31, 2014	17,491,054	-	17,491,054
March 31, 2013	16,700,001	791,053	17,491,054
March 31, 2012	16,700,000	1	16,700,001

Note:

- The Board of Directors of the company in its meeting held on November 17, 2011, issued 1 equity Share on preferential basis to Bennett Coleman & co. Ltd.(BCCL) of Face value Rs. 5 at a premium of Rs. 2,270.50 per share.
- During the Financial Year 2012-2013 Company had issued 7,91,053 equity shares of Rs 5/-each at a premium of Rs 2,270.50 per share to Gitanjali Gems Limited, holding company.
- Shares held by Holding / Ultimate Holding and / their subsidiaries / Associates  
As at September 30, 2016 Gitanjali Gems Limited hold's 99.99 % Equity Shares of the Company. However, as on the date of this report Gitanjali Gems limited holds 100% equity shares of the company.
- Rights, Preferences and Restriction of Share holders**  
Equity shares of the company has par value of Rs. 5/- per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holder of equity shares will be entitled to receive remaining assets if any after distribution of all preferential accounts. The distribution will be pro rata to the equity share held by the shareholder.

Apart from right, restrictions and preferences prescribed by the Companies Act 2013. The Articles of Association of the company elaborately deal with the above. The reader is requested to refer to respective document for details.

- e. Details of share holders holding more than 5 % shares in the Company as at,

<u>Gitanjali Gems Ltd.</u>	<u>Number of shares held</u>	<u>% of holding</u>
September 30, 2016	17,491,053	99.99
September 30, 2015	17,491,053	99.99
March 31, 2016	17,491,053	99.99

March 31, 2015	17,491,053	99.99
March 31, 2014	17,491,053	99.99
March 31, 2013	17,491,053	99.99
March 31, 2012	16,700,000	99.99

- f. Particulars of shares issued for consideration other than cash, shares bought back and bonus shares in last five years:
- Fully paid up pursuant to contract(s) without payment being received in cash - Nil
  - Fully paid up by way of bonus shares - Nil
  - Shares bought back – Nil
- g. There are no shares reserved for issue under options, contracts / commitments during FY 2011-12, 2012-13, 2013-14 and 2014-15 for sale of shares / disinvestments except for issue against convertible share warrants as detailed in Annexure - 30.
- h. There are no shares forfeited during the year.
- i. Particulars of calls in arrears by directors and officers of the company. – NIL
- j. During the financial year 2013–14, the company returned the share application money of Rs 760.00 million received in previous year.

**ANNEXURE – 29: Investment in subsidiaries ,Repayment of share application money and disinvestment of subsidiary company:**

- The company has sold its investment in Equity shares in its subsidiary namely Shubalavnyaa jewel craft Pvt. Ltd. For loss of Rs. 0.51million in FY 14-15. The same is shown as exceptional item in statement of profit & loss.
- The Company has offered to Purchase equity shares of Bezel Jewellery (India) Private Ltd. (Formerly known as D'Damas Jewellery (India) Private Limited) from its 49% JV partner viz. Damas Jewellery LLC for a consideration of Rs.48,125,000/- and preference shares for consideration of Rs. 97,884,000/-. The company has paid part consideration of Rs.13,351,000/- towards equity shares. The company has paid balance consideration of Rs. 34,774,000/-, towards purchase of equity shares after September 30, 2016.

**Merger of the Group Companies:**

Merger of “Asmi Jewellery India Limited (Asmi) and Spectrum Jewellery Limited (Spectrum)” with Nakshatra Brands Limited (NBL) under Sections 391 to 394 of the Companies Act, 1956, was approved by the Hon’ble High Court of Bombay on June 14, 2016. The certified copies of the aforementioned orders approving the Scheme were filed with the Registrar of Companies, N.C.T. of Mumbai on July 7, 2016. On this date the Scheme became effective from the Appointed Date of April 1, 2014.

As per the Scheme, all the businesses, properties, assets, liabilities and the undertakings of “Asmi & Spectrum” (‘transferor company’) have been transferred to NBL, using purchase method of accounting. As per the Scheme, 146.55 fully paid up equity share of Rs. 10/- each at a premium of Rs 4,467.88 per share, of NBL are issued for every 100 fully paid up equity shares of Rs 10/- each held in Asmi. Also, as per the Scheme, 128.28 fully paid up equity share of Rs. 10 each at a premium of Rs 4,467.88 per share, of NBL are issued for every 100 fully paid up equity shares of Rs 10/- each held in Spectrum.

Pursuant to order of Hon. High court of Bombay, Nakshatra Brands Limited has issued the shares to the Company in exchange of the company’s Investment held in Spectrum and Asmi. In terms of Accounting Standard AS 13, the company, in restated accounts has recognized the incremental Investment value of Rs 5,490,274,792/- and the corresponding amount is credited to Capital Reserve.

### **ANNEXURE -30 : Money received against share warrants:**

The Board of Directors of the company in its meeting held on November 17, 2011, issued 5 convertible warrants on preferential basis to Bennett Coleman & co. Ltd.(BCCL) at Rs.80.00 million per warrant with an option to convert each warrant into 35,157 Equity Shares of nominal value of Rs. 5/- each at a premium of Rs. 2,270.50 per share. The option of conversion was valid for a period of 5 years from the date of allotment of warrants. In the financial year 2011-12, the company received initial subscription amount of Rs.8.00 million per warrant being 10 % of total subscription amount. Balance amount was payable at the option of the holder on or before 5 years from the date of allotment.

As mutually agreed between BCCL (the warrant holder) and the company, on the request of the warrant holder, as modification to Share cum warrant Subscription Agreement dated December 23, 2011, the company, during the financial year 2014-15, gave option to BCCL to surrender the warrants in part or whole. In the Board of Directors meeting held on July 07, 2014 the Board passed necessary resolution in this regard and agreed to refund the subscription money in installments. Accordingly, as at September 30, 2016 the balance payable amount of Rs 20.00 million is grouped under other current liabilities.

### **ANNEXURE – 31: Long term contracts and Financial derivative instruments:**

The Company has reviewed its Long Term Contracts relating to lease, if any. There are no material foreseeable losses on such contracts. The company does not have any derivative contracts.

### **ANNEXURE – 32: Borrowings:-**

#### **a. Secured Loan**

Working Capital Borrowing – from consortium of bankers.

Working Capital Borrowing consists of Funded limits (CC/ OD / PCFC) and Non Funded limits (LC / BG) from consortium of banks. They are secured by way of hypothecation on first charge ranking pari passu on all current assets, fixed assets etc., lien on fixed deposits and further collaterally secured by the corporate guarantee of the Gitanjali Gems Limited and rate of interest ranges between 12 % to 16 %. The facilities are repayable on demand.

During the financial year 2013-14, there has been changes in RBI policies related to issuance policy of BG/LC for purchase of gold. Due to this restriction there has been sudden and severe impact on cash flow, which in turn resulted in nonpayment of LC liability and bank interest, resulting in over drawing in bank account to the extent as shown below;

Particulars	Amount (INR - million)
September 30, 2016	336.90
September 30, 2015	71.54
March 31, 2016	83.32
March 31, 2015	51.50
March 31, 2014	57.08

March 31,2013	-
March 31,2012	-

**b. Borrowings from promoters**

The changes in RBI Policy in the year 2013-14 resulted in the liquidity crunch affecting the cash flows of the company. This resulted in the nonpayment of interest and overdrawing's in the working capital facilities. Consortium banks suggested the promoters to infuse funds to support the operations of the group. Based on these suggestions the promoters infused interest free loan without any stipulations for repayment. Promoter's loan is shown under other long term liabilities in the financial statements.

**ANNEXURE – 33 : Trade Receivables:**

The trade receivables includes dues where suits have been filed / are in the process of filing suits for recovery of dues. The suits are maintainable in the court of Law. The management expects favourable outcome. The management is of the opinion that debts are good and recoverable and no provision is considered necessary at this stage. Details are as follows;

Particulars	Amount (INR - million)
September 30, 2016	52.62
September 30, 2015	57.90
March 31, 2016	52.62
March 31,2015	57.90
March 31,2014	27.44
March 31,2013	-
March 31,2012	-

The group considers all trade receivables as good and recoverable other than those in respect of which provision for doubtful debts is made. As shown below, the group has written off export receivable as bad debts. The company is in process of filing application to authorized dealer / Reserve Bank of India in this respect.

Particulars	Amount (INR - million)
September 30, 2016	-
September 30, 2015	-
March 31, 2016	0.34
March 31,2015	5.39
March 31,2014	-
March 31,2013	-
March 31,2012	-

There are some cases where the export receivables are outstanding for more than permissible limits for which respective companies are in the process of filing application to the requisite authority.

The receivables and payables from same party have been netted off for the purpose of presentation in the Financial statements.

#### **ANNEXURE - 34: Purchase of Raw Materials and Traded Goods:**

The Company is mainly engaged in business of trading and manufacturing of Plain Gold Jewellery and Diamond Studded Jewellery. For this purpose the company has its own manufacturing facility and has job work manufacturing. The company also purchased jewellery produced by reputed manufacturers. Considering the nature of products, "Purchase of Raw Material and Traded Goods" also includes cost of materials consumed.

#### **ANNEXURE – 35 : Undisputed Statutory Dues :**

As a result of change in RBI policy on gold imports, the company's cash flow was severely affected from mid May 2013 onwards and it continued to affect the cash flows of the company during FY 2015-16. For the said reason, bank working capital facilities were overdrawn on account of non serving of interest. As a result, the company could not meet some of the statutory payments in time.

As a result of the above, the self-assessment tax has remained outstanding for period over six months from respective due dates as at year end.

Particulars	Amount (INR - Million)	
	Self assessment tax	Other Statutory Dues
September 30, 2016	Nil	-
September 30, 2015	7.38	-
March 31, 2016	7.38	-
March 31, 2015	-	-
March 31, 2014	50.73	20.48
March 31, 2013	-	-
March 31, 2012	-	-

#### **ANNEXURE – 36 : Contingent Liabilities not provided in Respect of :**

Particulars	(INR - million)						
	September 30, 2016	September 30, 2015	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Outstanding letter of credit	Nil	Nil	Nil	Nil	Nil	1,970.00	1,827.50
Bank Guarantees	Nil	Nil	Nil	Nil	Nil	675.00	617.50



Disputed Income Tax	Nil	Nil	Nil	2.19	Nil	Nil	Nil
Non Receipt of Sales Tax Declaration Form	0.33	0.31	1.29	0.94	1.22	Nil	0.18
Sales Tax demand Notice	12.87	12.87	12.87	12.87	12.87	Nil	Nil
Tax demand for various years as per TRACES	1.53	1.53	1.53	1.53	Nil	Nil	Nil
litigations filed against company by franchisees, creditors, landlords, customers, Suppliers & consumers	3.73	4.86	3.73	4.86	Nil	Nil	Nil

Except as described above, there is no pending litigation which the company believes could reasonably be expected to have material adverse effect on the results of operations, cash flow or the financial position of the company.

### **ANNEXURE – 37 : Capital Commitments**

Capital contract remaining outstanding for respective years as at the year end – Rs 132.66Million. There are no capital commitments up to March 31, 2016. The capital commitment as on September 30, 2016 pertains to the companies commitment to purchase equity shares of Bezel Jewellery (India) Private Ltd. (Formerly known as D'Damas Jewellery (India) Private Limited) from its 49% JV partner viz. Damas Jewellery LLC for a consideration of Rs.48,125,000/- and preference shares for consideration of Rs. 97,884,000/-. The company has paid part consideration of Rs.13,351,000/- towards equity shares as on September 30, 2016.

### **ANNEXURE – 38 : EARNINGS PER SHARE**

#### **a. Basic Earnings per Share (After Tax Provision)**

Particulars	Net profit for the period attributable to Equity Shareholders (INR - million)		Weighted average number of Equity Shares outstanding as at March 31, (Nos.)	Basic earnings per share (Face value of Rs. 5 each) (Rs.)	
	Before Exceptional	After Exceptional		Before Exceptional	After Exceptional
September 30, 2016	23.82	23.82	17,491,054	1.36	1.36
September 30, 2015	21.02	21.02	17,491,054	1.20	1.20
March 31, 2016	6.04	6.04	17,491,054	0.34	0.34
March 31, 2015	28.84	28.50	17,491,054	1.66	1.65
March 31, 2014	47.34	47.34	17,491,054	2.71	2.71
March 31, 2013	338.78	338.78	16,704,336	20.28	20.28
March 31, 2012	275.92	275.92	16,700,000	16.52	16.52

#### **b. Diluted Earnings Per Share (After Tax Provision)**

Particulars	Net profit for the period attributable to Equity Shareholders (INR - million)	Weighted average number of Equity Shares outstanding as at March 31, (Nos.)	Basic earnings per share (Face value of Rs. 5 each) (Rs.)
-------------	---	---	---

	Before Exceptional	After Exceptional	Number – Shares	Before Exceptional	After Exceptional
September 30, 2016	23.82	23.82	17,491,054	1.36	1.36
September 30, 2015	21.02	21.02	17,491,054	1.20	1.20
March 31, 2016	6.04	6.04	17,491,054	0.34	0.34
March 31, 2015	28.84	28.54	17,491,054	1.63	1.66
March 31, 2014	47.34	47.34	17,666,929	2.71	2.68
March 31, 2013	338.78	338.78	16,880,121	20.28	20.07
March 31, 2012	275.92	275.92	16,732,660	16.52	16.49

**ANNEXURE – 39 : SEGMENT REPORTING** Segment information as per Accounting Standard 17 on segment reporting.

INR - million							
Particulars	September 30, 2016	September 30, 2015	Twelve months period ended 2016	Twelve months period ended 2015	Twelve months period ended 2014	Twelve months period ended 2013	Twelve months period ended 2012
The Company's sole business segment is trading & manufacturing of Diamond Studded Jewellery and Gold Jewellery and all activities of the company are incidental to this sole business segment. Given this fact and that the Company services its domestic and export markets from India only, the financial statement reflect the information required by accounting standard -17 'Segment Reporting', issued by Institute Of Chartered Accountants of India for the sole business segment of trading of jewellery. The entire business assets of the Company are situated in India.							
Total capital employed in the business and as such in the segment.	8,697.32	8,661.21	8,646.23	8,640.33	3,161.56	3,114.22	975.38
Secondary segment of the company are Geographic, namely Domestic and Exports. Revenue from Geographic statements is based on the domicile of customers.							
Debtors outstanding in respect of export segment	4,204.87	1,605.86	1,240.31	2,819.77	3,473.76	1,703.61	428.40
Debtors outstanding in respect of domestic segment	6,137.17	5,351.20	4,998.39	4,083.64	2,782.81	3,171.64	2,539.21
Net sales to export customers	1,238.76	244.72	1,236.78	49.75	2,476.86	3,105.54	2,199.55
Net sales to domestic customers	6,820.97	4,795.79	13,603.96	13,422.20	12,466.95	19,734.33	16,941.94

**ANNEXURE – 40 : Restated Related Party Disclosures as per AS 18 as on**

	30th September, 2016	30th September, 2015	31st March, 2016	31st March, 2015	31st March, 2014	31st March, 2013	31st March, 2012
<b>1. Enterprise controlling the company</b>							
<b>Holding Company</b>							
Gitanjali Gems Limited	√	√	√	√	√	√	√
<b>2. Key Managerial personnel</b>							
Mehul Choksi ( Managing Director)	√	√	√	√	√	√	√
Dhanesh Sheth (Director)	√	√	√	√	√	√	√
Jyoti Vora (Director) (appointed on October 29, 2014)	√	√	√	√	NA	NA	NA
Manojkumar Bavakad (Director) (resigned on May 10th, 2014)	NA	NA	NA	NA	√	√	√
Mihir Joshi (Company Secretary) w.e.f. 15/05/2015	√	√	√	NA	NA	NA	NA
Aniyath Shivraman Nair (Director) (appointed on May 10th, 2014 & October 29, 2014)	NA	NA	NA	√	NA	NA	NA
<b>3. Enterprise under common control of holding company</b>							
<b>Subsidiary</b>							
Bezel Jewellery (India) Private Ltd. (Formerly known as D'Damas Jewellery (India) Private Limited)	√	√	√	√	√	√	√
Gili India Limited	√	√	√	√	√	√	√
Spectrum Jewellery Limited	NA	NA	NA	NA	√	√	√
Nakshtra Brands Limited	√	√	√	√	√	√	√
Asmi Jewellery Limited	NA	NA	NA	NA	√	√	√
Shubalavanyaa Jewel crafts private limited	NA	NA	NA	NA	√	√	√
<b>Fellow Subsidiary</b>							
Gitanjali Exports Corporation Limited	NA	NA	NA	√	√	√	√
Gitanjali Jewellery Retail Ltd.	√	√	√	√	√	√	√
Gitanjali Lifestyle Ltd.	√	√	√	√	√	√	√
MMTC Gitanjali Ltd.	√	√	√	√	√	√	√
Hyderabad Gems Sez Limited	√	√	√	√	√	√	√
Gitanjali ventures DMCC	√	√	√	√	√	√	√
Crown Aim Limited	√	√	√	√	√	NA	NA
Maya Retail Limited	√	√	√	√	√	√	NA
Leading Jewels (Singapore)Private Limited	NA	√	NA	√	NA	NA	NA
Gitanjali Infratech Limited	NA	√	NA	√	√	√	√

	30th September, 2016	30th September, 2015	31st March, 2016	31st March, 2015	31st March, 2014	31st March, 2013	31st March, 2012
Diamlink Jewellery Inc	NA	√	NA	√	√	√	√
Samuels Jewellers Inc	NA	√	NA	√	√	√	NA
Jewelsouk Marketplace Ltd (Formerly known as E - Gitanjali Ltd)	NA	NA	NA	NA	√	√	NA
<b>Particulars of enterprise under common control of</b>							
<b>4. fellow subsidiaries</b>							
<b>Step Down Joint Venture</b>							
Diadem Ranka Desire Lifestyle Private Limited	NA	NA	NA	NA	NA	√	√
<b>5. Relatives of Key Management Personnel</b>							
Ms. Maitreyi Choksi	NA	√	NA	√	NA	NA	NA
Mr. Rohan Choksi	NA	√	NA	√	√	NA	NA
Mrs. Priti M Choksi	NA	NA	NA	NA	√	√	√
<b>Particulars of enterprise controlled by key management</b>							
<b>6. personnel</b>							
Shubalavanyaa Jewel crafts private limited	√	√	√	√	NA	NA	NA
Diadem Ranka Desire Lifestyle Pvt Ltd	NA	√	√	√	√	NA	NA
Jewelsouk Marketplace Ltd (Formerly known as E - Gitanjali Ltd)	√	√	√	√	NA	NA	NA
Diamond Creation	NA	NA	NA	NA	√	√	√
<u>√ - indicates relationship/ transactions for the period.</u>							
<u>NA – indicates relationship / transactions does not exist during the Period</u>							

**Restated Related Party Disclosures as per AS 18 as on**

	(INR - million)						
Row Labels	FY 2016-17 H1	FY 2015-16 H1	FY 2015-16	FY 2014-15	FY 2013-14	FY 2012-13	FY 2011-12
<b>Key Management Personnel</b>							
Amount Outstanding Shown Under Unsecured Loan	150.06	150.06	150.06	-	-	-	0.21
Loan Repaid	-	-	-	-	-	0.25	-
Loan Taken	-	-	-	-	-	0.04	-
	<b>150.06</b>	<b>150.06</b>	<b>150.06</b>	<b>-</b>	<b>-</b>	<b>0.29</b>	<b>0.21</b>
<b>Particulars of Enterprises controlling the Company</b>							

Row Labels	(INR - million)						
	FY 2016-17 H1	FY 2015-16 H1	FY 2015-16	FY 2014-15	FY 2013-14	FY 2012-13	FY 2011-12
Amount Outstanding Shown Under Trade Payable	1,510.80	-	132.45	-	-	-	-
Amount Outstanding Shown Under Trade Receivable	-	1,980.09	-	746.88	-	1,376.65	1,342.45
Equity Share Allotment	-	-	-	-	3.96	3.96	-
Labour Charges Paid	-	-	-	-	-	2.42	-
Labour Charges Received	-	-	-	-	0.00	2.41	2.16
Loan Paid	-	-	-	-	-	1,800.00	-
Loan Taken	-	-	-	-	-	600.00	-
Purchase	1,497.37	465.59	2,149.93	2,307.09	2,109.68	4,681.87	4,048.39
Reimbursement of Expenses	0.32	0.18	0.83	23.93	59.63	82.18	-
Rent	1.32	1.55	3.18	5.80	7.01	-	-
Sales	256.54	1,688.89	1,738.28	1,652.22	1,123.42	3,950.34	3,297.15
Share Application Money Received	-	-	-	-	-	760.00	-
Share Application Money Repaid	-	-	-	-	760.00	-	-
Unsecured Loans	-	-	-	-	-	-	1,200.00
	<b>3,266.35</b>	<b>4,136.30</b>	<b>4,024.67</b>	<b>4,735.92</b>	<b>4,063.70</b>	<b>13,259.83</b>	<b>9,890.15</b>
<b>Particulars of Enterprises Under Common Control of the Holding Company</b>							
Amount Outstanding Shown Under Trade Payable	2,080.58	995.39	1,230.13	-	986.50	1,305.29	1,864.00
Amount Outstanding Shown Under Trade Receivable	2,404.97	1,743.48	1,978.21	-	3,747.91	2,290.66	1,026.20
Discount Received	0.24	0.01	(0.01)	0.36	-	-	-
Freight Charges Received	0.01	-	-	-	-	-	-
Labour Charges Paid	0.00	2.61	6.03	10.92	5.37	20.11	6.80
Labour Charges Received	-	-	-	-	2.78	6.99	0.77
Purchase	2,933.65	1,140.89	5,565.66	6,947.11	5,593.20	4,839.53	7,642.09
Reimbursement of Expenses	0.41	0.08	0.90	1.53	(0.99)	4.37	-
Rent Paid	-	-	-	-	(0.07)	(1.52)	-
Sales	167.82	861.47	2,607.86	7,324.56	9,801.92	9,470.40	7,637.16
Computer (Fixed Assets)	-	-	-	-	-	0.02	-
	<b>7,587.68</b>	<b>4,743.93</b>	<b>11,388.78</b>	<b>14,284.48</b>	<b>20,136.62</b>	<b>17,935.85</b>	<b>18,177.02</b>
<b>Particulars of Enterprises controlled by Key Management Personnel</b>							
Amount Outstanding Shown Under Trade Payable	-	3.74	-	-	-	-	-
Amount Outstanding Shown Under Trade Receivable	35.28	-	22.24	3.61	-	20.20	20.20

	(INR - million)						
Row Labels	FY 2016-17 H1	FY 2015-16 H1	FY 2015-16	FY 2014-15	FY 2013-14	FY 2012-13	FY 2011-12
Amount Receivable Shown in Loans and Advances	-	27.27	27.27	27.27	27.27	-	-
Amounts W/off	27.27	-	-	-	-	-	-
Purchase	1.50	83.88	148.25	-	-	-	-
Sales	1,048.70	226.53	1,357.51	0.31	-	-	-
	<b>1,112.75</b>	<b>341.42</b>	<b>1,555.27</b>	<b>31.19</b>	<b>27.27</b>	<b>20.20</b>	<b>20.20</b>
<b>Relatives of Key Management Personnel</b>							
Amount Received against Sales	-	-	-	1.39	2.58	-	-
Sales	-	-	-	1.39	2.58	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.78</b>	<b>5.16</b>	<b>-</b>	<b>-</b>
<b>Particulars of enterprise under common control of fellow subsidiaries</b>							
Amount Receivable Shown in Loans and Advances	-	-	-	-	-	27.27	27.27
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27.27</b>	<b>27.27</b>

Note:

1. Sales and purchase between group companies/ subsidiaries/ associate companies in aggregate are in excess of ten percent of total sales and purchase of the Company respectively.
2. Sundry debtors and loans and advances related to directors, promoters and the issuer are disclosed above.
3. The borrowings from banks and financial institutions of the company and its subsidiaries are secured by way of personal guarantee of the promoter, Mr. Mehul Choksi to the extent of the borrowings.

#### **ANNEXURE – 41 : EMPLOYEE BENEFITS:**

The company has followed Accounting Standard-15 Employee Benefits, notified under the Companies (Accounting Standard) Rules, 2006. The company has accounted for the liability for gratuity benefits payable in future based on independent actuarial valuation. The liability is not funded. The disclosure based on AS 15 is not reproduced for sake of brevity.

#### **ANNEXURE – 42 : DISCLOSURE OF FOREIGN CURRENCY EXPOSURES:**

The details of outstanding foreign currency exposure of the Company as at period end is as under:

PARTICULARS	September 30, 2016	September 30, 2015	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
	USD (million)	USD (million)	USD (million)	USD (million)	USD (million)	USD (million)	USD (million)
Debtors – covered by Forward Contract	-	-	-	-	-	-	-
Debtors – uncovered	-	25.11	18.72	50.32	58.53	31.09	8.40
Creditors – covered by Forward Contract	-	-	-	-	-	-	-
Creditors – uncovered	-	2.45	-	18.28	17.57	12.81	-
Bank Facility – uncovered	25.33	22.54	25.33	19.48	-	-	-

Note: Forward contracts for debtors and creditors are not intended for trading and speculation.

#### **ANNEXURE – 43: LEASE DISCLOSURE:**

- The Company has taken various office premises under operating lease or leave and license agreements. These are generally non-cancelable and ranges between 11 months and 5 years under leave and license, or longer for other leases and are renewable by mutual consent on mutually agreeable terms. The company has given refundable interest free security deposits under certain agreements.
- Lease payments are recognized in the Statement of profit & loss under the head 'Rent'.
- The future minimum lease payments as at, are as follows:

(INR - million)

PARTICULARS	September 30, 2016	September 30, 2015	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Not later than one year	0.80	0.50	0.80	0.50	0.63	0.14	2.54
later than one year and not later than five years	0.66	Nil	0.66	Nil	Nil	17.43	1.91
More than five years	Nil	Nil	Nil	Nil	Nil	Nil	Nil

- The future minimum lease receivables as at, for all reporting period is **NIL**.

#### **ANNEXURE – 44 : INVESTOR EDUCATION AND PROTECTION FUND**

There has been no delay in transferring amounts required to be transferred to Investor Education and Protection Fund by the company. There are no amounts required to be transferred to Investor Education and Protection Fund.



**ANNEXURE – 45: PUBLIC DEPOSIT:**

As represented by the management, the company has not accepted any deposit from the public, within the meaning of Sections 73 to 76 of Companies Act 2013 and the rules framed there under.

**ANNEXURE – 46:**

- a) Based on the details regarding the status of the suppliers, to the extent obtained, no supplier is covered under the Micro, Small and Medium Enterprises Development Act, 2006. The Auditors have relied on management information.
- b) To the extent information available with the company, the company does not owe any sum to small scale industrial unit as defined in clause (j) of Section 3 of the Industrial (Development & Regulation) Act, 1951. The auditors have relied on management information.
- c) As represented by the company, the company does not owe any sum to micro enterprises and small enterprises. Accordingly, the company has not made a separate disclosure under Trade Payables in Part I – Balance Sheet as required by the notification dated 04th September, 2015 pertaining to alterations in Schedule III issued by MCA.

**ANNEXURE – 47:**

The inventory comprising of raw material & finished goods is physically verified by the management as at the end of the year. In respect of stock lying with third parties as at the year end written confirmations have been obtained by the management.

**ANNEXURE – 48:**

In the opinion of the management, current assets, loans and advances have a value on realization in the course of business at least equal to the amount at which they are stated in the balance sheet and are fully recoverable and considered good. The provision for depreciation and all known liabilities is adequate and not in excess of the amount reasonably stated.

Balances of certain debtors, creditors and advances given are subject to confirmation or reconciliation if any. The management does not expect any material difference affecting the financial statements on such reconciliation / adjustments.

**ANNEXURE – 49 : Fixed Assets**

There is no impairment loss on fixed assets on the basis of review carried out by the management in accordance with the accounting standard (AS) – 28 “Impairment of Assets”.

During FY 2014-15, the Group has carried out physical verification of its fixed assets and w/off WDV worth Rs 18.70 million on comparison of physical assets with book assets. The same has been included in other expense.

**ANNEXURE – 50: Capitalisation Statement:**

	(INR – Millions )	
Particulars	Pre-issue as at 30-09-2016	As Adjusted for issue
<b>Short Term Debt</b>		
Working Capital - Secured	3,738.42	[•]
<b>Total Of short term debt</b>	<b>3,738.42</b>	[•]
<b>Long Term Debt</b>		[•]
Loans & Advances from Related Parties- unsecured	150.06	[•]
<b>Total Debt</b>	<b>3,888.48</b>	
<b>Shareholders Fund</b>		
<b>Share Capital (A)</b>	87.46	[•]
<b>Reserves</b>		[•]
Share Premium	2,013.84	[•]
Capital reserves	5,490.27	[•]
Profit & Loss Balance	1,078.48	[•]
<b>Total of reserves (B)</b>	8,582.59	[•]
<b>Total Share holders Funds (A+B)</b>	8,670.05	[•]
<b>Total Debt/Equity</b>	<b>0.45</b>	[•]

**ANNEXURE 51:**

The above statements should be read with notes to the restated standalone balance sheet, restated profit and loss and restated cash flow as appearing and significant accounting policies, as appearing in annexure 5 to 50.

As per our attached report of even date.

For **FORD RHODES PARKS & CO. LLP**

Chartered Accountants

ICAI Firm Registration No : 102860W / W100089

For and on behalf of the Board

---

**A. D. Shenoy**

Partner

**Membership No. 11549**

---

**Mehul Choksi**

Chairman and Managing

Director

---

**Milind Limaye**

Director

---

**Saurabh Deshpande**

Company Secretary

---

**Kapil Khandelwal**

Chief Financial Officer

**Place : Mumbai**

**Date : December 15, 2016**

**INDEPENDENT AUDITORS' REPORT ON RESTATED CONSOLIDATED FINANCIAL INFORMATION AS REQUIRED UNDER SECTION 26 OF COMPANIES ACT, 2013, READ WITH RULE 4 OF COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014.**

**To,**  
**The Board of Directors,**  
**Nakshatra World Limited**  
A-1, 7<sup>th</sup> Floor, Laxmi Tower,  
Bandra Kurla Complex,  
Bandra (East),  
Mumbai - 400 051.

Dear Sirs,

1. We FORD RHODES PARKS & CO. LLP, Chartered Accountants, have examined, the Restated Consolidated Financial Information of Nakshatra World Limited, ('the Holding Company') (formerly known as Gitanjali Brands Limited) and its subsidiaries (together referred to as 'the group') annexed to this report which comprises of the following:

- a. Restated Consolidated Summary Statement of Assets and Liabilities as set out in Annexure -1 for the six months ended September 30, 2016 & September 30, 2015 and for the year ended March 31, 2016, 2015, 2014, 2013 and 2012,
- b. the Restated Consolidated Summary Statement of Profit and Loss as set out in Annexure - 2 for the six months ended September 30, 2016 & September 30, 2015 and for the year ended March 31, 2016, 2015, 2014, 2013 and 2012; and
- c. the Restated Consolidated Summary Statement of Cash Flows as set out in Annexure - 3 for the six months ended September 30, 2016 & September 30, 2015 and for the year ended March 31, 2016, 2015, 2014, 2013 and 2012.

together with the Annexures and notes thereto (collectively, the Restated Consolidated Financial Information") as approved by the Board of Directors of the Company at their meeting held on 15<sup>th</sup> December, 2016 for the purpose of inclusion in the offer document prepared by the Company in connection with its proposed Initial Public Offer (IPO) prepared in terms of the requirements of:

- a. Sub-clauses (i) and (iii) of clause (b) of sub-section (1) of section 26 of the Companies Act, 2013 ("the Act") read with Rule 4 of Companies (Prospectus and Allotment of Securities) Rules, 2014 ("the Rules");
- b. the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 ("SEBI-ICDR Regulations").

2. We have examined such Restated Consolidated Financial Information taking into consideration:

- a. the terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 31<sup>st</sup> October, 2016 in connection with the proposed IPO of the Company; and
- b. the Guidance Note (Revised) on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India (ICAI).

3.

- i. These Restated Consolidated Financial Information has been extracted by the Management from the audited Consolidated Financial Statements of the Company for the year ended March 31, 2016, 2015, 2014, 2013 and 2012 after accounting for merger of subsidiaries from the financial year 2014 -15 onwards prepared in accordance with accounting principles generally accepted in India at the relevant time, the Accounting Standard (AS) as specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and

approved by Board of directors at their meetings held on 19<sup>th</sup> May 2016, 27<sup>th</sup> May 2015, 28<sup>th</sup> May 2014, 24<sup>th</sup> May 2013, 12<sup>th</sup> May 2012 respectively and

- ii. Standalone interim financial statements for the six months ended September 30, 2016 and September 30, 2015, which have been prepared in accordance with the generally accepted accounting principles in India (“GAAP”), the provisions of the Companies Act, 2013, the Accounting Standard (AS) 25 Interim Financial Reporting and other accounting standards as specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, have been approved by the Board of Directors at their meeting held on December 15, 2016. These standalone interim financial statements have been audited by us and we have issued unqualified report for the said period.

#### **4. Management’s Responsibility for the Restated Consolidated Financial Information:**

The Management’s responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and presentation of the Restated Consolidated Financial Information. The Management is also responsible for identifying and ensuring that the Group complies with the laws and regulations applicable to its activities.

#### **5. Auditors’ Responsibilities:**

Our work has been carried out in accordance with the Standards on Auditing, (Revised) Guidance Note on Reports in Company Prospectuses and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India and pursuant to the requirements of Section 26 of the Act read with applicable provisions within Rules 4 to 6 of the Rules and the SEBI Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the SEBI Regulations in connection with the Issue. For the purpose of our examination, we have relied on the audited financial statements of the group for the year ended March 31, 2016, 2015, 2014, 2013, 2012 and consolidated interim financial statement for six months ended September 30, 2016 & September 30, 2015 audited by us.

#### **6. Based on our examination, we report that:**

- a. The Restated Consolidated Summary Statements of Assets and Liabilities of the Group as at and for the six months ended September 30, 2016 & September 30, 2015 and as at March 31, 2016, 2015, 2014, 2013 and 2012, as set out in Annexure - 1 to this report are after accounting for merger of subsidiaries from the financial year 2014 -15 onwards and after making adjustments, reclassification and regrouping as in our opinion were appropriate and more fully described in Notes to Accounts, as set out in Annexure – 4 to 52.
- b. The Restated Consolidated Summary Statement of Profit and Loss of the Group for the six month ended September 30, 2016 & September 30, 2015 and for each of the year ended March 31, 2016, 2015, 2014, 2013 and 2012, as set out in Annexure - 2 to this report are after accounting for merger of subsidiaries from the financial year 2014 -15 onwards and after making adjustments, reclassification and regrouping as in our opinion were appropriate and more fully described in Notes to Accounts, as set out in Annexure – 4 to 52.
- c. The Restated Consolidated Summary Statement of Cash Flows of the Group for the six months ended September 30, 2016 & September 30, 2015 and each of the year ended March 31, 2016, 2015, 2014, 2013 and 2012, as set out in Annexure –3 to this report are after accounting for merger of subsidiaries from the financial year 2014 -15 onwards and after making adjustments, reclassification and regrouping as in our opinion were appropriate and more fully described in Notes to Accounts, as set out in Annexure -4 to 52.
- d. According to the information and explanations given to us, we are of opinion that the Restated Consolidated Financial Information have been made after accounting for merger of subsidiaries which has been considered as per the scheme effective from 1<sup>st</sup> April 2014 as approved by Honourable High court of Bombay vide order dated April 22, 2016 uploaded with Registrar of Companies (ROC) Mumbai on July 7, 2016 and is fully explained in item (b) of Annexure 29. As a result of these adjustments, reclassification and regroupings which may have been done to conform to the classification in all the periods, the amounts reported in the above mentioned Statement are not

necessarily the same as those appearing in the audited financial statements of the Company and its Subsidiaries for the relevant six months/financial years.

- e. Further, there are no other extra-ordinary items other than what is declared in the notes that need to be disclosed separately in the accounts requiring adjustments. There were no qualifications in the auditor's report for the relevant reporting period, which require any adjustments to the Restated consolidated financial information.

7. We have also examined the following restated consolidated financial information of the Group as set out in the Annexures to this report and forming part of restated consolidated financial information prepared by the management and approved by the Board of Directors on 15<sup>th</sup> December 2016 for the six months ended September 30, 2016 & September 30, 2015 and for the year ended March 31, 2016, 2015, 2014, 2013 and 2012 to be included in the offer document:-

Annexure 1 - Balance sheet  
 Annexure 2 – Statement of Profit and loss account  
 Annexure 3 - Cash flow statement  
 Annexure 4 - Summary of Significant Accounting Policies and Notes to Accounts  
 Annexure 5 - Share Capital  
 Annexure 6 - Reserves and Surplus  
 Annexure 7 - Other Long-term Liabilities  
 Annexure 8 - Long-term provisions  
 Annexure 9 - Short Term borrowings  
 Annexure 10 - Trade Payables  
 Annexure 11 - Other Current Liabilities  
 Annexure 12 - Short term Provisions  
 Annexure 13 - Fixed Assets  
 Annexure 14 - Non-Current Investments  
 Annexure 15 - Deferred tax assets and liability  
 Annexure 16 - Long Term Loans and Advances and Other Assets  
 Annexure 17 - Inventories  
 Annexure 18 - Trade Receivables  
 Annexure 19 - Cash and Bank Balances  
 Annexure 20 - Short-term Loans and Advances and Other Assets  
 Annexure 21 - Revenue from Operation  
 Annexure 22 - Other Income  
 Annexure 23 - Purchase of Raw Material & Traded Goods  
 Annexure 24 - Changes in Inventories  
 Annexure 25 - Employee Benefits Expense  
 Annexure 26 - Finance Cost  
 Annexure 27 - Other Expenses  
 Annexure 28 - Exceptional items  
 Annexure 29 - Investment  
 Annexure 30 - Share capital  
 Annexure 31 - Money recd against share warrants  
 Annexure 32 - Long term contracts and financial derivatives instruments  
 Annexure 33 - Borrowings  
 Annexure 34 - Trade receivables  
 Annexure 35 - Purchase of raw material and traded goods  
 Annexure 36 - Undisputed statutory dues  
 Annexure 37 - Contingent liability not provided  
 Annexure 38 - Capital commitments  
 Annexure 39 - Earnings per share  
 Annexure 40 - Segment reporting  
 Annexure 41 - Related party disclosure  
 Annexure 42 - Employee benefits  
 Annexure 43 - Disclosures of foreign currency exposures  
 Annexure 44 - Lease disclosure  
 Annexure 45 - Investor education and protection fund

Annexure 46 - Public deposit  
Annexure 47 – Micro, Small and Medium Enterprises  
Annexure 48 - Inventory Raw Material & Finished Goods Physically Verified  
Annexure 49 - Management Opinion – Current Asset Loan & Advances Realized  
Annexure 50 – Fixed Assets Impairment  
Annexure 51 –Capitalisation Statement  
Annexure 52 – Other Notes

8. In our opinion, the above consolidated financial information contained in Annexure 1 to 52 accompanying this report read along with the Significant Accounting Policies and Notes to Accounts are prepared after making adjustments and regroupings as considered appropriate and have been prepared in accordance with the Rules, SEBI-ICDR Regulations and the Guidance Note issued in this regard by the ICAI, as amended from time to time, and in terms of our engagement as agreed with you.

In respect of the above financial information contained in Annexure 1 to 52 accompanying this report, we have drawn emphasis on the following:

- e. Annexure no. 32 relating to overdrawn position in working capital borrowing from banks as compared to sanctioned limits as detailed below:

Particulars	Six months ended 30th September		Year ended 31st March				
Years	2016	2015	2016	2015	2014	2013	2012
Amount (INR - million)	597.61	313.70	251.99	403.52	385.90	-	-

- f. Annexure No. 36 relating to

- outstanding Self Assessment Tax of the Group and
- other statutory dues which has been outstanding over 180 days from the respective due dates as at respective balance sheet dates,

as detailed below:

Particulars	Six months ended 30th September		Amount (INR - million) Year ended 31st March				
Years	2016	2015	2016	2015	2014	2013	2012
Self assessment tax	38.02	33.67	33.67	125.03	255.92	-	-
Other statutory dues	16.45	9.57	18.11	23.96	22.25	-	-

- g. Annexure No. 33 (ii) relating to ICD from SICOM availed by one of the subsidiary where principal including interest is overdue as detailed below:-

Particulars	Six months ended 30th September		Amount (INR - million) Year ended 31st March				
Years	2016	2015	2016	2015	2014	2013	2012
Principal & Interest	203.42	207.63	8.57	203.40	211.12	-	-

- h. Annexure no. 33 (iv) relating to overdues of the principal amount and interest of External Commercial Borrowings taken by the ultimate holding Company against collateral security of the land belonging to one of the subsidiary as detailed below:-

Particulars	Six months ended 30th September		Amount (USD - million) Year ended 31st March				
Years	2016	2015	2016	2015	2014	2013	2012



<b>Principal</b>	6.25	3.50	-	-	1.00	-	-
<b>Interest</b>	0.96	1.08	-	-	1.32	-	-

(As fully described in respective Annexure)

Our opinion is not qualified in respect of above matters.

9. We have not audited any financial statements of the Company and its subsidiaries as of any date or for any period subsequent to September 30, 2016. 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 September 30, 2016.
10. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
12. Our report is intended solely for use of the management for inclusion in the offer document in connection with the proposed issue of equity shares of the Company. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

For **FORD RHODES PARKS & CO. LLP**  
Chartered Accountants  
ICAI FRNo. 102860W/W100089

Date: December 15, 2016  
Place: Mumbai

**A.D. Shenoy**  
Partner  
Membership No. 11549

**Nakshatra World Limited (Formerly Known as Gitanjali Brands Limited)**  
**ANNEXURE 1: RESTATED CONSOLIDATED BALANCE SHEET AS AT**

		(INR - million)						
	Annexure	September 30, 2016	September 30, 2015	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
<b>I. EQUITY AND LIABILITIES</b>								
<b>Shareholders' Funds</b>								
Share Capital	5	87.46	87.46	87.46	87.46	87.46	87.46	83.50
Reserves and Surplus	6	12,439.96	11,405.22	11,705.50	10,908.41	6,200.04	6,046.98	2,762.03
Money received against Share Warrants		-	-	-	-	40.00	40.00	40.00
		12,527.42	11,492.68	11,792.96	10,995.87	6,327.50	6,174.44	2,885.53
<b>Share Application Money Pending Allotment</b>		-	-	-	-	-	760.00	-
<b>Minority Interest</b>		82.48	77.38	80.18	76.36	71.57	70.98	52.27
<b>Non Current Liabilities</b>								
Other Long Term Liabilities	7	569.22	464.42	808.98	509.82	262.59	1,367.55	1,590.24
Long Term Provisions	8	24.18	27.18	25.26	27.06	15.20	19.57	20.60
		593.40	491.60	834.24	536.88	277.79	1,387.12	1,610.84
<b>Current Liabilities</b>								
Short Term Borrowings	9	15,850.59	16,677.40	15,646.82	16,611.05	15,977.64	7,546.16	3,789.50
Trade Payables	10	43,869.50	27,007.96	30,041.90	19,598.31	7,592.13	14,226.53	9,325.85
Other Current Liabilities	11	769.50	1,884.87	494.04	427.89	398.36	409.61	303.49
Short Term Provisions	12	456.51	317.59	249.87	231.59	365.48	435.03	235.08
		60,946.10	45,887.82	46,432.63	36,868.84	24,333.61	22,617.33	13,653.92
<b>TOTAL</b>		<b>74,149.40</b>	<b>57,949.48</b>	<b>59,140.01</b>	<b>48,477.95</b>	<b>31,010.47</b>	<b>31,009.87</b>	<b>18,202.56</b>
<b>II. ASSETS</b>								
<b>Non Current Assets</b>								
Fixed Assets (Net)	13							
Tangible Assets		90.83	89.72	81.62	97.55	154.55	175.74	176.04
Intangible Assets		4,601.17	4,602.82	4,602.10	4,603.78	11.23	16.40	8.91
Capital W-I-P		-	-	-	-	5.47	5.89	6.36
Goodwill on Consolidation		20.03	20.03	20.03	20.03	65.07	65.07	65.11
Non Current Investments	14	0.07	8.51	0.07	8.51	10.29	10.27	57.78
Deferred Tax Assets (Net)	15	24.59	24.64	26.82	30.33	20.60	21.17	26.97
Long Term Loans & Advances and Other Assets	16	170.18	317.69	162.90	262.18	195.12	203.25	177.51

		(INR - million)						
	Annexure	September 30, 2016	September 30, 2015	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
		4,906.87	5,063.41	4,893.54	5,022.38	462.33	497.79	518.68
<b>Current Assets</b>								
Inventories	17	23,177.72	19,289.95	21,547.44	11,975.42	7,496.65	8,201.28	5,435.57
Trade Receivables	18	44,342.93	31,525.15	31,263.45	29,998.02	21,123.44	19,200.49	10,030.68
Cash and Bank Balance	19	934.98	969.05	835.20	1,044.00	1,502.62	2,599.01	1,172.04
Short Term Loans & Advances and Other Assets	20	786.90	1,101.92	600.38	438.13	425.43	511.30	1,045.59
		69,242.53	52,886.07	54,246.47	43,455.57	30,548.14	30,512.08	17,683.88
<b>TOTAL</b>		<b>74,149.40</b>	<b>57,949.48</b>	<b>59,140.01</b>	<b>48,477.95</b>	<b>31,010.47</b>	<b>31,009.87</b>	<b>18,202.56</b>

Significant Accounting Policies 4  
Annexures to Restated Consolidated Financial Statement 5 to 52  
Significant Accounting Policies and Annexures attached thereto form an integral part of Restated Consolidated Financial Statements.  
This is the Balance Sheet referred to in our report of even date.

**For FORD RHODES PARKS & CO. LLP**

Chartered Accountants

ICAI Firm Registration No : 102860W/W100089

For and on behalf of the Board

**A. D. SHENOY**  
Partner  
**Membership No. 11549**  
Place : Mumbai  
Date : December 15, 2016

**Mehul Choksi**  
Chairman and Managing Director

**Milind Limaye**  
Director

**Saurabh Deshpande**  
Company Secretary

**Kapil Khandelwal**  
Chief Financial Officer

**Nakshatra World Limited (Formerly Known as Gitanjali Brands Limited)**  
**ANNEXURE 2: RESTATED CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR,**

(INR - million)

	Annexure	Half year ended September - 16	Half year ended September - 15	Twelve month period ended - 2016	Twelve month period ended - 2015	Twelve month period ended - 2014	Twelve month period ended - 2013	Twelve month period ended - 2012
<b><u>REVENUE</u></b>								
Revenue From Operations	21	40,000.69	24,450.27	59,843.08	45,483.40	36,365.99	53,077.35	29,384.46
Other Income	22	615.40	245.72	1,515.29	768.69	98.65	272.19	217.79
		<u>40,616.09</u>	<u>24,695.99</u>	<u>61,358.37</u>	<u>46,252.09</u>	<u>36,464.64</u>	<u>53,349.54</u>	<u>29,602.25</u>
<b><u>EXPENDITURE</u></b>								
Purchase of Raw Material & Traded Goods	23	40,022.80	30,047.41	66,934.03	46,190.10	31,695.35	50,944.31	27,622.44
Changes in Inventories	24	(1,630.28)	(7,314.56)	(9,572.10)	(4,478.81)	704.25	(2,765.79)	(292.54)
Employee Benefit Expenses	25	133.37	146.37	283.26	341.50	478.73	507.18	263.74
Finance Cost	26	827.65	1,025.43	1,988.44	2,180.18	1,992.01	1,230.83	489.02
Depreciation & Amortization Expenses	13	10.07	11.61	25.13	51.85	38.55	33.59	21.26
Other Expenses	27	509.83	270.90	824.60	1,811.20	1,403.75	1,690.00	797.35
		<u>39,873.44</u>	<u>24,187.16</u>	<u>60,483.37</u>	<u>46,096.02</u>	<u>36,312.64</u>	<u>51,640.12</u>	<u>28,901.27</u>
<b>Profit Before Exceptional Item &amp; Tax</b>		742.65	508.83	875.00	156.07	152.00	1,709.42	700.98
<b>Less: Exceptional Item</b>	28	-	-	7.59	0.51	-	-	3.88
		<u>742.65</u>	<u>508.83</u>	<u>867.41</u>	<u>155.56</u>	<u>152.00</u>	<u>1,709.42</u>	<u>697.10</u>
<b>Profit Before Tax</b>		742.65	508.83	867.41	155.56	152.00	1,709.42	697.10
Provision for Current Tax		167.44	104.61	183.54	35.40	35.84	368.06	113.60
Prior period Tax adjustment		-	-	63.27	3.06	(2.22)	-	-
Provision for MAT (Credit)		(163.78)	(98.97)	(183.16)	(35.40)	(35.84)	(187.73)	(34.57)
Provision for Deferred Tax		2.23	5.69	3.51	(9.72)	0.57	5.75	53.12
		<u>5.89</u>	<u>11.33</u>	<u>67.16</u>	<u>(6.66)</u>	<u>(1.65)</u>	<u>186.08</u>	<u>132.15</u>
<b>Profit after Tax before adjustment for Consolidation</b>		736.76	497.50	800.25	162.22	153.65	1,523.34	564.95
Less: Minority Interest		2.30	1.02	3.82	4.79	0.59	19.94	30.70
<b>Profit after Tax after adjustment for consolidation</b>		734.46	496.48	796.43	157.43	153.06	1,503.40	534.25
<b>Balance Carried to Balance Sheet</b>		<u><b>734.46</b></u>	<u><b>496.48</b></u>	<u><b>796.43</b></u>	<u><b>157.43</b></u>	<u><b>153.06</b></u>	<u><b>1,503.40</b></u>	<u><b>534.25</b></u>

(INR - million)

Annexure	Half year ended September - 16	Half year ended September - 15	Twelve month period ended - 2016	Twelve month period ended - 2015	Twelve month period ended - 2014	Twelve month period ended -2013	Twelve month period ended -2012
<b>Earning per share before exceptional item</b>							
Basic Earnings per Share of face value of Rs. 5 each	41.99	28.39	45.83	9.03	8.75	90.00	32.15
Diluted Earnings per Share of face value of Rs. 5 each	41.99	28.39	45.83	9.03	8.66	89.06	32.05
<b>Earning per share after exceptional item</b>							
Basic Earnings per Share of face value of Rs. 5 each	41.99	28.39	45.53	9.00	8.75	90.00	31.99
Diluted Earnings per Share of face value of Rs. 5 each	41.99	28.39	45.53	9.00	8.66	89.06	31.90

(Refer Annexure 39)

Significant Accounting Policies 4

Annexures to Restated Consolidated Financial

Statement 5 to 52

Significant Accounting Policies and Annexures attached thereto form an integral part of Restated Consolidated Financial Statements.

This is the Statement of Profit and Loss referred to in our report of even date.

**For FORD RHODES PARKS & CO. LLP**

Chartered Accountants

ICAI Firm Registration No : 102860W/W100089

For and on behalf of the Board

**A. D. SHENOY**

Partner

**Membership No. 11549**

Place : Mumbai

Date : December 15, 2016

**Mehul Choksi**

Chairman and Managing Director

**Milind Limaye**

Director

**Saurabh Deshpande**

Company Secretary

**Kapil Khandelwal**

Chief Financial Officer

### ANNEXURE 3: RESTATED CONSOLIDATED CASH FLOW STATEMENT FOR,

(INR - million)

	Half year ended September - 16	Half year ended September - 15	Twelve month period ended - 2016	Twelve month period ended - 2015	Twelve month period ended - 2014	Twelve month period ended - 2013	Twelve month period ended -2012
<b>A: CASH FLOW FROM OPERATING ACTIVITIES:</b>							
<b>Net Profit before tax as per Profit &amp; Loss Account</b>	742.65	508.83	867.41	155.56	152.00	1,709.42	697.10
Adjusted for:							
Depreciation	10.07	11.61	25.13	51.85	38.55	33.59	21.26
Provision for Gratuity & Leave Encashment – Net	(0.09)	(0.07)	1.10	2.31	(6.04)	8.14	1.42
Loss on sale of Investment	-	-	7.59	0.51	-	-	3.88
(Profit) / Loss on sale of Fixed Assets and CWIP w/off	0.53	-	(0.34)	18.62	(0.06)	17.26	-
Sundry creditors w/back	-	-	(72.43)	(95.33)	(6.95)	-	(8.39)
Interest and Finance Charges – net	827.65	1,025.43	2,085.19	2,169.88	1,992.01	1,227.46	489.02
Provision for Bad Debts & W/off	28.44	0.13	7.30	757.62	73.12	0.12	-
Goods loss by theft / loss in transit	-	-	-	0.02	-	-	-
Effect of Exchange Rate Change unrealized	(296.10)	228.73	(449.92)	(598.19)	(71.08)	(48.09)	(19.05)
	570.50	1,265.83	1,603.62	2,307.29	2,019.55	1,238.48	488.14
<b>Operating Profit before Working Capital Changes</b>	1313.15	1,774.66	2,471.03	2,462.85	2,171.55	2,947.90	1,185.24
Adjusted for:							
Trade and Other Receivables	(15,863.42)	(2,196.23)	(917.83)	(8,697.35)	(1,848.52)	(9,134.77)	(2,766.45)
Inventories	584.00	(8,766.65)	(9,572.03)	(4,478.78)	704.64	(2,765.72)	(427.05)
Trade Payables & Other Liabilities	14,884.77	9,942.00	10,732.45	11,811.59	(6,605.60)	5,027.28	3,371.64
<b>Cash Generated from Operations</b>	(394.65)	(1,020.88)	242.59	(1,364.54)	(7,749.48)	(6,873.21)	178.14
Sub total	918.50	753.78	2,713.62	1,098.31	(5,577.93)	(3,925.31)	1,363.38
Taxes Paid	(36.53)	33.12	(171.98)	(210.71)	(43.90)	(152.88)	(152.59)
<b>Net Cash generated from Operations Total ( A )</b>	881.97	786.90	2,541.64	887.60	(5,621.83)	(4,078.19)	1,210.79
<b>B: CASH FLOW FROM INVESTING ACTIVITIES:</b>							
Sale / (Purchase) of Fixed Assets	(18.87)	(2.46)	(6.54)	(4.45)	(11.69)	(62.98)	(45.78)
Disinvestments / (Investments) in subsidiaries.	(13.35)	-	0.84	1.79	(0.02)	-	(1,817.05)
Withdrawal from / (Investment) in Fixed Deposits	(23.93)	114.03	179.04	378.26	582.18	(261.66)	(877.92)
<b>Net Cash Used in Investing Activities Total ( B )</b>	(56.15)	111.57	173.34	375.60	570.47	(324.64)	(2,740.75)

(INR - million)

	Half year ended September - 16	Half year ended September - 15	Twelve month period ended - 2016	Twelve month period ended - 2015	Twelve month period ended - 2014	Twelve month period ended - 2013	Twelve month period ended -2012
<b>C: CASH FLOW FROM FINANCING ACTIVITIES:</b>							
Proceeds from Issue of Share Capital (incl Share premium)	-	-	-	-	-	3,529.34	-
Payment - Share Application Money	-	-	-	-	(760.00)	-	-
Repayment of preference share liability	-	-	-	-	-	(16.67)	-
Proceeds from / (Repayment) of - Share Warrants	(8.00)	(8.00)	(8.00)	(4.00)	-	-	40.00
Proceeds from / (Repayment) of - term loans & working capital loans & liabilities	52.58	134.32	(658.36)	878.41	7,290.70	2,628.92	983.40
Interest and Finance income / (cost)	(827.65)	(1,025.43)	(2,085.19)	(2,169.88)	(1,992.00)	(1,227.46)	(489.03)
	-	-	-	-	-	-	-
<b>Net Cash from Financing Activates Total ( C )</b>	<b>(783.07)</b>	<b>(899.11)</b>	<b>(2,751.55)</b>	<b>(1,295.47)</b>	<b>4,538.70</b>	<b>4,914.13</b>	<b>534.37</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents Total (A+B+C)</b>	<b>42.75</b>	<b>(0.64)</b>	<b>(36.57)</b>	<b>(32.27)</b>	<b>(512.66)</b>	<b>511.30</b>	<b>(995.59)</b>
Cash & Cash equivalents at the beginning of the year	21.72	58.29	58.29	90.56	603.22	92.12	1,087.71
Exclusion of Subsidiary	-	-	-	-	-	(0.20)	-
Cash and cash equivalents at the end of the year	64.47	57.65	21.72	58.29	90.56	603.22	92.12
Short term bank deposits	870.51	911.40	813.48	985.71	1,412.06	1995.79	1,079.92
<b>Closing Balance of Cash &amp; Bank balance</b>	<b>934.98</b>	<b>969.05</b>	<b>835.20</b>	<b>1,044.00</b>	<b>1,502.62</b>	<b>2,599.01</b>	<b>1,172.04</b>

**Note:**

- 1) Cash flow statement has been prepared under the Indirect Method as set out in the Accounting Standard - 3 of The Companies (Accounting Standards) Rules, 2006
  - 2) Figures in bracket indicates outflows.
  - 3) Previous year's figures have been restated and regrouped wherever necessary.
  - 4) Cash & Cash Equivalents for the purpose of cash flow statement comprise of Cash at Bank, in hand and Term investments and margin money account.
- As per our report even dated.

For FORD RHODES PARKS &amp; CO. LLP

For and on behalf of the Board



Chartered Accountants  
ICAI Firm Registration No : 102860W/W100089

---

**A. D. SHENOY**  
Partner  
**Membership No. 11549**  
Place : Mumbai  
Date : December 15, 2016

---

**Mehul Choksi**  
Chairman and Managing Director

---

**Milind Limaye**  
Director

---

**Saurabh Deshpande**  
Company Secretary

---

**Kapil Khandelwal**  
Chief Financial Officer

Annexures forming part of the Restated Consolidated Financial Statements for the Year Ended March 31, 2012 to March 31, 2016 and for half year ended September 30 2015 and September 30 2016.

#### **ANNEXURE : 4 Significant Accounting Policies**

##### **Company Background:**

Name of the Company has been changed from Gitanjali Brands Limited to Nakshatra World Limited with effect from November 11, 2016.

Nakshatra World Limited (Formerly Known as Gitanjali Brands Limited) is engaged in the business of trading, manufacturing and export of gold and diamond studded jewellery, silver jewellery, diamond and other lifestyle product. For this purpose the company has its own manufacturing facilities at Hyderabad, Special Economic zone (SEZ). The company markets its products all over India and rest of the world.

The Company is a subsidiary of Gitanjali Gems Limited during FY 2011- 12 to Sept – 2016. Gitanjali Gems Limited purchased one share from Bennett Coleman and Co. Ltd by which Nakshatra World Limited (formerly Known as Gitanjali Brands Limited) has become wholly owned subsidiary of Gitanjali Gems Limited post 30<sup>th</sup> September 2016

During the financial year 2011-12, as a part of restructuring exercise, Gitanjali Gems Limited transferred its entire investment in six subsidiaries to Nakshatra World Limited (Formerly known as Gitanjali Brands Limited) which are engaged in similar line of business.

Further as a part of consolidating the operations and harmonizing the activities, the Board of Directors of the Company in its meeting held on April 21, 2015 considered and approved a Scheme of Arrangement and Amalgamation (“the Scheme”) between

- i. Asmi Jewellery India Limited and Spectrum Jewellery Limited with Nakshatra Brands Limited
- ii. Gitanjali Jewellery Retail Limited and Gitanjali Lifestyle Limited with GILI India Limited.

In case of merger application referred in point (i) above, the proceedings at Honorable High court of Bombay have been concluded and accordingly these entities are merged with effect from April 1, 2014 using purchase method of accounting.

In case of merger application referred in point (ii) above, the proceedings at Honorable High court of Bombay have been concluded and final certified copy of orders is received. Pending completion of formalities under the Companies Act 1956/2013 entities are not merged with appointed date as per the scheme is 1st April 2014.

On allotment of shares in exchange of Investment held in Spectrum and Asmi, the Investment value has increased by Rs 5,490,274,792/- and corresponding amount is credited to Capital Reserve.

The financial impact of the Scheme referred to above on the financial statements is as follows:

- i. Transfer of businesses, properties, assets, liabilities and the undertakings of Asmi & Spectrum to Nakshatra Brands Limited:

- As per the Scheme businesses, properties, assets, liabilities and the undertakings of “Asmi & Spectrum” were transferred to Nakshatra Brands Limited, as a going concern.
  - Share Capital issued pursuant the Scheme is Rs 1.31 crores.
  - Total Assets taken over is Rs 1,184.61 crores including Brand value of Rs 459.93 crores arising on amalgamation.
  - Liabilities Taken over is Rs. 598.09 crores.
  - Balance credited to Securities Premium is Rs 585.21 crores.
- ii. As per the Scheme, the transferor companies were deemed to have been carrying on all business and activities after the appointed date and prior to effective date on behalf of the Transferee company and all profits or losses was to be treated as the profits or losses of the transferee Company.
- iii. The amalgamation has been accounted for under the “Purchase” method, as prescribed by Accounting Standard 14, “Accounting for Amalgamations’.
- Subsequent to September 30th, 2016 the company has increased its authorized capital, consolidated shares by increasing the face value of equity shares & the board of Directors of the Company have recommended for issue of bonus shares as fully described in annexure - 30.

## Significant Accounting Policy

### 1.1 Basis of preparation of financial statements

The restated consolidated financial statement are prepared from the audited financials for the years ended march 31, 2012 to March 31, 2016 in accordance with the requirements of section 26 of the Companies Act , 2013 (the Act) read with Companies (Prospectus and Allotment securities) Rule 2014, (the Rules) and the requirements of the Securities and Exchange Board of India (Issue of capital and Disclosure requirements) regulation 2009 as amended (‘the regulations’). Accordingly, these restated consolidated financial statements are prepared for the purpose of inclusion in the offer document in connection with the proposed initial public offer of the Company.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard or a more appropriate presentation of the financial statements requires a change in the accounting policy hitherto in use.

### 1.2 Principles of consolidation

- a. The restated Consolidated Financial Statements include the financial statements of Nakshatra World Limited ( Formerly Known as Gitanjali Brands Ltd). (the Company) and all of its subsidiaries, which are more than 50% owned and controlled. All material inter-company accounts and transactions are eliminated on consolidation.
- b. The difference between the cost of investment and net worth at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve, as the case may be In case of merger of the subsidiaries per the High Court order, consolidation has been done based on purchase method. Accordingly, difference between cost and Net worth on appointed date is recognized as Goodwill or Capital Reserve, as the case may be. In case of Goodwill, it is tested for impairment annually. In case where loss is in excess of the minority interest in the equity of the subsidiary, it is adjusted against the majority interest.
- c. Share of minority interest in the net profit is adjusted against the income to arrive at the net income attributable to shareholders. Minority interests share of net assets is presented separately in the balance sheet.

As far as possible, the restated Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the company’s separate financial statements.

### 1.3 Use of Estimates

The preparation of restated Consolidated Financial Statements, in conformity with the Generally Accepted Accounting Principles, requires estimates and assumptions to be made that affects the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognized in the period in which the results are known / materialized.

#### **1.4 Revenue Recognition**

- a. Revenue on sale of products are recognized when the risk and rewards of ownership are passed on to the customers, which is generally on dispatch of goods. Sales are stated net of returns and net of sales tax and other taxes as applicable.
- b. Revenue is recognized only when it is reasonably certain that the ultimate collection will be made.
- c. Interest income is recognized when it is rationally certain of recovery and on time basis taking into account the amount outstanding and rate applicable. Interest is shown as net of interest expense.

#### **1.5 Fixed Assets and Intangibles**

- a. Tangible Fixed assets are recorded at cost of acquisition inclusive of freight, duties and taxes and incidental expenses related to acquisition, except for the Fixed Assets which are related to the production of the goods in which case input credit is availed on the taxes. Expenditure incurred during construction period has been added to the cost of assets.
- b. Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortization and accumulated impairment losses, if any
- c. The Company has policy to carry out physical verification of Fixed Assets every alternate year and discrepancies on physical verification are charged to Statement of Profit & Loss.

#### **1.6 Leases**

Assets taken on lease on or after April 1, 2001 are accounted for as Fixed Assets in accordance with Accounting Standard (AS) 19 on “Leases”.

- a. Finance lease  
Assets taken on finance lease, including taken on hire purchase arrangements, wherein the company has an option to acquire the asset, are accounted as fixed assets in accordance with the AS 19 on “Leases”.
- b. Operating lease  
Assets taken on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognized as expenses on accrual basis in accordance with the respective lease agreements.
- c. The costs of improvements to leased properties are capitalized and disclosed appropriately.

#### **1.7 Impairment of Fixed Assets**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimated of recoverable amount.

### 1.8 Depreciation and Amortization of Fixed Assets

Depreciation on Fixed Assets is provided on WDV method over the useful lives of the assets, as prescribed under Schedule II of the Companies Act, 2013 with effect from 1st April, 2014. The expenditure incurred on improvement to leasehold premises is written off evenly over the period of the lease. Intangible asset viz brands are not depreciated but are tested for impairment.

### 1.9 Investments

- (i) Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the management. Investments in properties are subject to depreciation in accordance with the applicable local laws.
- (ii) Current investments, if any, are valued at lower of cost and market value.
- (iii) Cost of investments include acquisition charges such as brokerage, fees and duties.

### 1.10 Borrowing Costs

Borrowing costs attributable to the acquisition or construction of qualifying asset are capitalized as part of the cost of asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

### 1.11 Foreign Currency Transactions

Transactions in foreign currency are recorded at the rate prevailing on the date of transactions. Foreign currency assets except investments and liabilities other than for financing fixed assets are stated at the rate of exchange prevailing at the date of balance sheet and resultant gains/losses are charged to the statement of Profit and Loss. Premium or discount in respect of forward foreign exchange contracts is amortized as expense or income over the life of the contracts. Any profit or loss arising on cancellation or renewal of such forward contract is recognized as income or expense for the period. Exchange differences arising on settlement or restatement of foreign currency denominated liabilities relating to the acquisition of fixed asset are recognized in the statement of Profit and Loss.

### 1.12 Inventories

Inventories of raw materials, finished goods, rejections, trading goods and stores are valued as under:

Raw Material	Lower of cost and net realizable value
Rough Diamond Rejections	At net realizable value
Trading Goods	Lower of cost and net realizable value
Finished Goods — Polished Diamonds	Lower of cost and net realizable value
Work in progress — Jewellery	Lower of market value and material cost plus proportionate labour and overheads
Finished Goods — Jewellery	Lower of market value and material cost / estimated cost plus labour and overheads
Finished Goods — Gold	Lower of cost and market value
Consumables, Stores and Tools	At cost

### 1.13 Taxation

Tax expense for the year comprises of current income tax and deferred tax.

a. Normal provisions

The company is eligible for tax incentive under the Indian Taxation Laws. These incentives presently include an exemption from payment of normal Income Tax for operation in Special Economic Zones. The said income is liable to Minimum Alternate Tax and such tax is eligible for set off as described in subsequent paragraph. The management estimates the provisions for current tax after considering such tax benefits.

Deferred tax is recognized, subject to prudence, on timing differences, being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognized for unabsorbed depreciation and carry forward losses to the extent there is virtual certainty that sufficient future taxable income will be available against which deferred tax assets can be realized. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

b. Minimum Alternate Tax (MAT) credit:

MAT is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the Guidance Note issued by the ICAI, the said asset is created by way of a credit to the Statement of Profit and Loss and is shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

#### 1.14 Employee Benefit

The Company and its subsidiaries account for the gratuity benefits payable in future based on independent actuarial valuation. The liability is not funded except in the case of one subsidiary, where the liability is funded. The company & its subsidiaries follow different assumptions as such the compilation would become unwieldy and for the sake of brevity details are not included in the restated consolidated financial statements.

The Company and its subsidiaries account for the liability towards Leave Salary on the basis of year end actuarial valuations applying the Projected Unit Credit Method done by an independent actuary. The actuarial gains or losses determined by the actuary are recognized in the statement of Profit and Loss as income or expense.

Contributions payable by the company to the concerned government authorities in respect of provident fund, family pension fund and employees state insurance are charged to the Statement of Profit and Loss.

#### 1.15 Segment Reporting

The Company is primarily engaged in the business of trading and manufacturing of, Diamond Studded Jewellery and Plain Gold Jewellery and hence entire operations represents a single primary segment. The company operates in India as well as abroad. The secondary segmental reporting is on the basis of the geographical location of its customers.

#### 1.16 Cash flow Statement

Cash flows are reported using indirect methods as set out in Accounting Standard (AS) – “Cash Flow Statement”, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

## Cash and cash equivalents

Cash comprises cash at bank and in hand and demand deposits with banks. Cash equivalents are short term balances that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

## 1.17 Earnings per Share

Earnings Per Share (EPS) is calculated by dividing the net profit or loss for the period attributable to equity shareholders, by the weighted average number of equity shares outstanding during the period.

Dilutive EPS is calculated by dividing the net profit or loss for the period attributable to equity shareholders, by the weighted average number of equity shares considered for deriving the basic EPS and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential shares are deemed converted at the beginning of the year unless issued at later date.

## 1.18 Provisions, Contingent Liabilities and Contingent Assets

Contingent liabilities are not provided for and are disclosed by way of notes after careful evaluation by the management of the facts and legal aspects of the matters involved. Contingent assets are neither recognized nor disclosed in the financial statement.

## ANNEXURES FORMING PART OF THE RESTATED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31,

	(INR - million)						
	Half year ended September - 16	Half year ended September - 15	Twelve month period ended - 2016	Twelve month period ended - 2015	Twelve month period ended - 2014	Twelve month period ended - 2013	Twelve month period ended - 2012
<b><u>ANNEXURE 5 - Share Capital</u></b>							
<b>Authorised :</b>							
176,66,000 Equity Shares of Rs. 5/- each (P.Y. 176,66,000 Equity Shares of Rs 5/-each )	88.33	88.33	88.33	88.33	88.33	88.33	90.00
3,34,000 9% Non Cumulative Preference Shares of Rs. 5/- each (P.Y. 3,34,000 9% Non Cumulative Preference Shares of Rs. 5/- each)	1.67	1.67	1.67	1.67	1.67	1.67	-
	90.00	90.00	90.00	90.00	90.00	90.00	90.00
17,491,054 ( Previous Year 17,491,054 ) Equity Shares of Rs. 5 each fully paid up (Refer annexure 30)	87.46	87.46	87.46	87.46	87.46	87.46	83.50
<b>TOTAL</b>	<b>87.46</b>	<b>87.46</b>	<b>87.46</b>	<b>87.46</b>	<b>87.46</b>	<b>87.46</b>	<b>83.50</b>



(INR - million)

	Half year ended September - 16	Half year ended September - 15	Twelve month period ended - 2016	Twelve month period ended - 2015	Twelve month period ended - 2014	Twelve month period ended - 2013	Twelve month period ended - 2012
<b><u>ANNEXURE 6 - Reserves &amp; Surplus</u></b>							
<b>(I) Share Premium</b>							
Balance as per Last Balance Sheet	2,013.84	2,013.84	2,013.84	2,013.84	2,013.84	217.75	217.75
Add : Securities premium credited on share issue	-	-	-	-	-	1,796.09	-
Closing Balance	2,013.84	2,013.84	2,013.84	2,013.84	2,013.84	2,013.84	217.75
<b>(II) Capital Reserve on consolidation</b>							
Balance as per Last Balance Sheet	1,231.66	1,231.66	1,231.66	1,636.82	1,636.82	1,651.82	1,651.82
Add : During the Year	-	-	-	(405.16)	-	(15.00)	-
Closing Balance	1,231.66	1,231.66	1,231.66	1,231.66	1,636.82	1,636.82	1,651.82
<b>(III) Capital Reserve</b>							
Balance as per Last Balance Sheet	5,490.27	5,490.27	5,490.27	-	-	-	-
Add : During the Year	-	-	-	5,490.27	-	-	-
Closing Balance	5,490.27	5,490.27	5,490.27	5,490.27	-	-	-
<b>(IV) Profit &amp; Loss Balance</b>							
Balance as per Last Balance Sheet	2,969.73	2,172.64	2,172.64	2,549.38	2,396.32	892.46	358.21
Add : Surplus as per Statement of Profit & Loss	734.46	496.48	796.43	157.43	153.06	1,503.40	534.25
Add: Adj on account of Consolidation	-	-	-	(530.91)	-	0.46	-
Add: Adj on account of merger	-	0.33	0.66	(3.26)	-	-	-
Closing Balance	3,704.19	2,669.45	2,969.73	2,172.64	2,549.38	2,396.32	892.46
TOTAL	12,439.96	11,405.22	11,705.50	10,908.41	6,200.04	6,046.98	2,762.03
<b><u>ANNEXURE 7 - Other Long Term Liabilities</u></b>							
Loans & Advance from Related Parties	569.22	400.06	569.22	250.06	22.83	63.79	1,200.21
Liability towards Preference share capital	-	-	199.76	199.76	199.76	199.76	201.43
Share warrants money refundable	-	-	-	20.00	-	-	-
Other Loans & Advances	-	64.36	40.00	40.00	40.00	1,104.00	188.60
TOTAL	569.22	464.42	808.98	509.82	262.59	1,367.55	1,590.24
<b><u>ANNEXURE 8 - Long Term Provisions</u></b>							
Provision for Employee Benefits (It includes provision for Gratuity & Leave Encashment)	24.18	27.18	25.26	27.06	15.20	19.57	20.60
TOTAL	24.18	27.18	25.26	27.06	15.20	19.57	20.60

(INR - million)

	Half year ended September - 16	Half year ended September - 15	Twelve month period ended - 2016	Twelve month period ended - 2015	Twelve month period ended - 2014	Twelve month period ended - 2013	Twelve month period ended - 2012
<b><u>ANNEXURE 9 - Short Term Borrowings</u></b>							
<b>Secured</b>							
Working Capital Facilities from Banks	15,647.17	16,469.77	15,438.25	16,383.23	15,756.53	7,346.16	3,557.56
From Financial Institutions	203.42	207.63	208.57	203.46	221.11	200.00	200.00
Loans & Advance from Related Parties	-	-	-	-	-	-	31.94
Other Loans & Advance	-	-	-	24.36	-	-	-
<b>TOTAL</b>	<b>15,850.59</b>	<b>16,677.40</b>	<b>15,646.82</b>	<b>16,611.05</b>	<b>15,977.64</b>	<b>7,546.16</b>	<b>3,789.50</b>
<b><u>ANNEXURE 10 - Trade Payables</u></b>							
Creditors for Goods / Labour	43,771.90	26,936.30	29,980.11	19,507.13	7,555.30	14,171.02	9,305.17
Creditors for Expenses	97.60	71.66	61.79	91.18	36.83	55.51	20.68
<b>TOTAL</b>	<b>43,869.50</b>	<b>27,007.96</b>	<b>30,041.90</b>	<b>19,598.31</b>	<b>7,592.13</b>	<b>14,226.53</b>	<b>9,325.85</b>
<b><u>ANNEXURE 11 - Other Current Liabilities</u></b>							
Advance Received from Customers	440.65	1,315.32	300.85	276.55	301.57	323.79	257.43
Statutory Liabilities	53.40	299.54	64.57	65.22	42.09	40.66	13.17
Share warrants money refundable	20.00	28.00	28.00	16.00	-	-	-
Liability towards Preference share capital	199.76	199.76	-	-	-	-	-
Other payables	55.69	42.25	100.62	70.12	54.70	45.16	32.89
<b>TOTAL</b>	<b>769.50</b>	<b>1,884.87</b>	<b>494.04</b>	<b>427.89</b>	<b>398.36</b>	<b>409.61</b>	<b>303.49</b>
<b><u>ANNEXURE 12 - Short Term Provisions</u></b>							
Provision for Employee Benefits	0.91	2.01	2.55	3.06	13.95	21.21	8.97
<b>Provision for Others</b>							
Provision for Expenses	152.97	136.56	82.41	90.07	62.63	97.57	118.43
Provision for Taxation	302.63	179.02	164.91	138.46	288.90	316.25	107.68
<b>TOTAL</b>	<b>456.51</b>	<b>317.59</b>	<b>249.87</b>	<b>231.59</b>	<b>365.48</b>	<b>435.03</b>	<b>235.08</b>

**ANNEXURE - 13**  
**RESTATED CONSOLIDATED FIXED ASSETS (FY 11-12)**

DESCRIPTION OF ASSETS	GROSS BLOCK (AT COST)					DEPRECIATION					(INR - Million)	
											NET BLOCK	
	As at 31st March, 2011	Additions/ Adjustment on account of Acquisition	Additions	Deductions / Transfers	As at 31st March, 2012	As at 31st March, 2011	Additions / Adjustment s on account of Acquisition	For the Year	Deductions / Transfers	As at 31st March, 2012	As at 31st March, 2012	As at 31st March, 2011
<b><u>Tangible Assets</u></b>												
Leasehold Land	0.00	16.06	0.00	0.00	16.06	0.00	2.10	0.12	0.00	2.22	13.84	0.00
Factory Building	0.00	51.16	0.00	0.00	51.16	0.00	25.95	1.56	0.00	27.51	23.65	0.00
Office Premises	0.00	0.00	9.57	0.00	9.57	0.00	0.00	0.04	0.00	0.04	9.53	0.00
Plant & Machinery	24.87	76.05	7.17	0.00	108.09	11.31	43.19	8.02	0.00	62.51	45.57	13.56
Furniture & Fixture	11.62	42.55	7.52	1.56	60.13	5.73	21.87	3.05	0.05	30.60	29.53	5.89
Office Equipments	1.64	21.44	3.08	0.21	25.96	0.39	10.66	0.95	0.00	12.00	13.96	1.25
Computers	2.51	35.13	2.71	0.14	40.22	1.79	25.29	2.83	0.00	29.91	10.31	0.72
Vehicles	1.20	6.66	0.05	0.00	7.92	0.54	5.11	0.45	0.00	6.10	1.81	0.66
Electrical Equipment & Fittings	0.00	1.39	0.33	0.00	1.72	0.00	0.91	0.07	0.00	0.98	0.75	0.00
Leasehold Improvements	0.00	20.54	26.14	0.00	46.68	0.00	17.35	2.24	0.00	19.59	27.10	0.00
Sub-Total	41.84	270.99	56.58	1.90	367.51	19.76	152.43	19.33	0.05	191.47	176.04	22.08
<b><u>Intangible Assets</u></b>												
Computer Software	0.00	6.83	5.69	0.00	12.53	0.00	4.68	1.63	0.00	6.31	6.21	0.00
Trademarks / Patents etc.	0.00	6.73	0.00	0.00	6.73	0.00	3.70	0.34	0.00	4.04	2.69	0.00
Sub-Total	0.00	13.56	5.69	0.00	19.26	0.00	8.39	1.96	0.00	10.35	8.91	0.00
Capital Work-in-Progress	0.00	12.81	1.78	8.23	6.36	0.00	0.03	-0.03	0.00	0.00	6.36	0.00
Grand Total	41.84	297.36	64.06	10.13	393.13	19.76	160.85	21.26	0.05	201.82	191.31	22.08

**ANNEXURE - 13**  
**RESTATED CONSOLIDATED FIXED ASSETS (FY 12-13)**

(INR - Million)

DESCRIPTION OF ASSETS	GROSS BLOCK (AT COST)					DEPRECIATION					NET BLOCK	
	As at 31st March, 2012	Additions/ Adjustment on account of Acquisition	Additions	Deductions / Transfers	As at 31st March, 2013	As at 31st March, 2012	Additions / Adjustment s on account of Acquisition	For the Year	Deductions / Transfers	As at 31st March, 2013	As at 31st March, 2013	As at 31st March, 2012
<b><u>Tangible Assets</u></b>												
Leasehold Land	16.06	0.00	0.00	0.00	16.06	2.22	0.00	0.25	0.00	2.47	13.59	13.84
Factory Building	51.16	0.00	0.00	51.16	0.00	27.51	0.00	0.94	28.45	0.00	0.00	23.65
Office Premises	9.57	0.00	0.00	0.00	9.57	0.04	0.00	0.48	0.00	0.52	9.05	9.53
Plant & Machinery	108.09	0.00	16.31	1.04	123.36	62.51	0.00	7.36	0.46	69.41	53.94	45.57
Furniture & Fixture	60.13	0.00	13.28	0.31	73.10	30.60	0.00	6.79	0.16	37.24	35.86	29.53
Office Equipments	25.96	0.00	3.81	0.07	29.69	12.00	0.00	2.78	0.01	14.76	14.93	13.96
Computers	40.22	0.00	3.41	0.67	42.96	29.91	0.00	4.99	0.43	34.47	8.49	10.31
Vehicles	7.92	0.00	0.78	1.54	7.15	6.10	0.00	0.51	1.19	5.42	1.73	1.81
Electrical Equipment & Fittings	1.72	0.00	0.61	1.39	0.94	0.98	0.00	0.10	0.98	0.10	0.84	0.75
Leasehold Improvements	46.68	0.00	14.86	0.00	61.55	19.59	0.00	4.65	0.00	24.24	37.31	27.10
Sub-Total	367.51	0.00	53.05	56.18	364.38	191.47	0.00	28.84	31.68	188.63	175.74	176.04
<b><u>Intangible Assets</u></b>												
Computer Software	12.53	0.00	8.94	0.00	21.47	6.31	0.00	4.00	0.15	10.16	11.31	6.21
Trademarks / Patents etc.	6.73	0.00	3.15	0.00	9.88	4.04	0.00	0.75	0.00	4.79	5.09	2.69
Sub-Total	19.26	0.00	12.09	0.00	31.35	10.35	0.00	4.75	0.15	14.95	16.40	8.91
Capital Work-in-Progress	6.36	0.00	3.87	4.34	5.89	0.00	0.00	0.00	0.00	0.00	5.89	6.36
Grand Total	393.13	0.00	69.01	60.52	401.62	201.82	0.00	33.59	31.83	203.59	198.03	191.31
Previous Year Figures	41.84	297.36	64.06	10.13	393.13	19.76	160.85	21.26	0.05	201.82	191.31	

#### ANNEXURE - 13

#### RESTATED CONSOLIDATED FIXED ASSETS (FY 13-14)

DESCRIPTION OF ASSETS	GROSS BLOCK (AT COST)					DEPRECIATION					(INR - Million) NET BLOCK	
	As at 31st March, 2013	Additions/ Adjustment on account	Additions	Deductions / Transfers	As at 31st March, 2014	As at 31st March, 2013	Additions / Adjustment s on account	For the Year	Deductions / Transfers	As at 31st March, 2014	As at 31st March, 2014	As at 31st March, 2013

	of Acquisition				of Acquisition							
<b><u>Tangible Assets</u></b>												
Leasehold Land	16.06	0.00	0.00	0.00	16.06	2.47	0.00	0.25	0.00	2.72	13.34	13.59
Office Premises	9.57	0.00	0.00	0.00	9.57	0.52	0.00	0.45	0.00	0.97	8.60	9.05
Plant & Machinery	123.36	0.00	4.85	9.94	118.27	69.41	0.00	7.30	4.43	72.28	45.99	53.94
Furniture & Fixture	73.10	0.00	9.22	2.87	79.45	37.24	0.00	7.30	0.47	44.07	35.38	35.86
Office Equipments	29.69	0.00	3.00	1.08	31.61	14.76	0.00	2.36	0.21	16.91	14.70	14.93
Computers	42.96	0.00	1.13	0.68	43.41	34.47	0.00	3.53	0.22	37.78	5.63	8.49
Vehicles	7.15	0.00	0.00	0.27	6.89	5.42	0.00	0.45	0.26	5.61	1.27	1.73
Electrical Equipment & Fittings	0.94	0.00	0.14	0.00	1.08	0.10	0.00	0.13	0.00	0.23	0.86	0.84
Leasehold Improvements	61.55	0.00	2.83	0.00	64.37	24.24	0.00	11.35	0.00	35.59	28.78	37.31
Sub-Total	364.38	0.00	21.18	14.85	370.71	188.63	0.00	33.12	5.59	216.16	154.55	175.74
<b><u>Intangible Assets</u></b>												
Computer Software	21.47	0.00	0.26	0.00	21.73	10.16	0.05	4.37	0.00	14.58	7.15	11.31
Trademarks / Patents etc.	9.88	0.00	0.00	0.00	9.88	4.79	0.00	1.01	0.00	5.80	4.08	5.09
Sub-Total	31.35	0.00	0.26	0.00	31.61	14.95	0.05	5.38	0.00	20.38	11.23	16.40
Capital Work-in-Progress	5.89	0.00	0.00	0.42	5.47	0.00	0.00	0.00	0.00	0.00	5.47	5.89
Grand Total	401.62	0.00	21.44	15.27	407.79	203.59	0.05	38.50	5.59	236.54	171.25	198.03
Previous Year Figures	393.13	0.00	69.01	60.52	401.62	201.82	0.00	33.59	31.83	203.59	198.03	

**ANNEXURE - 13**  
**RESTATED CONSOLIDATED FIXED ASSETS (FY 14-15)**

DESCRIPTION OF ASSETS	GROSS BLOCK (AT COST)					DEPRECIATION				(INR - Million) NET BLOCK		
	As at 31st March, 2014	Additions/ Adjustment on account of Acquisition	Additions	Deductions / Transfers	As at 31st March, 2015	As at 31st March, 2014	Additions / Adjustment s on account of Acquisition	For the Year	Deductions / Transfers	As at 31st March, 2015	As at 31st March, 2015	As at 31st March, 2014
<b><u>Tangible Assets</u></b>												
Leasehold Land	16.06	0.00	0.00	0.00	16.06	2.72	0.00	0.25	0.00	2.97	13.10	13.34
Office Premises	9.57	0.00	0.00	0.00	9.57	0.97	0.00	0.88	0.00	1.85	7.72	8.60

Plant & Machinery	118.27	0.00	3.81	1.82	120.25	72.28	0.00	11.72	0.77	83.23	37.02	45.99
Furniture & Fixture	79.45	0.00	1.16	36.69	43.92	44.07	0.00	12.27	26.36	29.98	13.94	35.38
Office Equipments	31.61	0.00	0.28	6.72	25.17	16.91	0.00	9.52	4.67	21.76	3.41	14.70
Computers	43.41	0.00	0.08	6.18	37.32	37.78	0.00	4.36	5.76	36.39	0.91	5.63
Vehicles	6.89	0.00	0.00	0.01	6.88	5.61	0.00	0.59	0.01	6.20	0.68	1.27
Electrical Equipment & Fittings	1.08	0.00	0.00	0.38	0.71	0.23	0.00	0.26	0.20	0.28	0.43	0.86
Leasehold Improvements	64.37	0.00	0.00	0.00	64.37	35.59	0.00	8.46	0.00	44.04	20.33	28.78
Sub-Total	370.71	0.00	5.33	51.80	324.25	216.16	0.00	48.31	37.77	226.70	97.55	154.55
<b><u>Intangible Assets</u></b>												
Computer Software	21.73	0.00	0.01	0.72	21.02	14.58	0.00	2.73	0.70	16.61	4.41	7.15
Trademarks / Patents etc.	9.88	4,599.37	0.00	9.88	4,599.37	5.80	0.00	0.82	6.62	0.00	4,599.37	4.08
Sub-Total	31.61	4,599.37	0.01	10.60	4,620.39	20.38	0.00	3.55	7.32	16.61	4,603.78	11.23
Capital Work-in-Progress	5.47	0.00	0.00	5.47	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.47
Grand Total	407.79	4,599.37	5.34	67.87	4,944.64	236.54	0.00	51.86	45.09	243.31	4,701.33	171.25
Previous Year Figures	401.62	0.00	21.44	15.27	407.79	203.59	0.05	38.50	5.59	236.54	171.25	

**ANNEXURE - 13**  
**RESTATED CONSOLIDATED FIXED ASSETS (FY 15-16)**

DESCRIPTION OF ASSETS	GROSS BLOCK (AT COST)					DEPRECIATION					(INR - Million) NET BLOCK	
	As at 31st March, 2015	Additions/ Adjustment on account of Acquisition	Additions	Deductions / Transfers	As at 31st March, 2016	As at 31st March, 2015	Additions / Adjustment s on account of Acquisition	For the Year	Deductions / Transfers	As at 31st March, 2016	As at 31st March, 2016	As at 31st March, 2015
<b><u>Tangible Assets</u></b>												
Leasehold Land	16.06	0.00	0.00	0.00	16.06	2.97	0.00	0.25	0.00	3.22	12.84	13.10
Office Premises	9.57	0.00	0.00	0.00	9.57	1.85	0.00	0.79	0.00	2.64	6.93	7.72
Plant & Machinery	120.25	0.00	1.14	9.66	111.73	83.23	0.00	8.77	9.04	82.97	28.76	37.02
Furniture & Fixture	43.92	0.00	4.63	0.01	48.54	29.98	0.00	4.61	0.00	34.58	13.96	13.94
Office Equipments	25.17	0.00	0.48	0.00	25.65	21.76	0.00	1.83	0.00	23.59	2.06	3.41
Computers	37.32	0.00	0.72	0.42	37.62	36.39	0.00	0.30	0.41	36.28	1.34	0.91
Vehicles	6.88	0.00	0.00	0.00	6.88	6.20	0.00	0.24	0.00	6.44	0.44	0.68

Electrical Equipment & Fittings	0.71	0.00	0.00	0.00	0.71	0.28	0.00	0.12	0.00	0.40	0.31	0.43
Leasehold Improvements	64.37	0.00	0.52	0.00	64.89	44.04	0.00	5.87	0.00	49.91	14.98	20.33
Sub-Total	324.25	0.00	7.48	10.08	321.65	226.70	0.00	22.78	9.46	240.03	81.62	97.55
<b><u>Intangible Assets</u></b>												
Computer Software	21.02	0.00	0.01	0.00	21.03	16.61	0.00	1.68	0.00	18.29	2.73	4.41
Trademarks / Patents etc.	4,599.37	0.00	0.00	0.00	4,599.37	0.00	0.00	0.00	0.00	0.00	4,599.37	4,599.37
Sub-Total	4,620.39	0.00	0.01	0.00	4,620.40	16.61	0.00	1.68	0.00	18.29	4,602.10	4,603.78
Capital Work-in-Progress	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grand Total	4,944.64	0.00	7.49	10.08	4,942.05	243.31	0.00	24.46	9.46	258.33	4,683.72	4,701.33
Previous Year Figures	407.79	4,599.37	5.34	67.87	4,944.64	236.54	0.00	51.86	45.09	243.31	4,701.33	

**ANNEXURE - 13**
**RESTATED CONSOLIDATED FIXED ASSETS (September 30, 2015)**

DESCRIPTION OF ASSETS	GROSS BLOCK (AT COST)					DEPRECIATION					(INR - Million) NET BLOCK	
	As at 1st April, 2015	Additions/ Adjustment on account of Acquisition	Additions	Deductions / Transfers	As at 30 September, 2015	As at 1st April, 2015	Additions / Adjustment s on account of Acquisition	For the period	Deductions / Transfers	As at 30 September, 2015	As at 30 September, 2015	As at 31st March, 2015
<b><u>Tangible Assets</u></b>												
Leasehold Land	16.06	0.00	0.00	0.00	16.06	2.97	0.00	0.12	0.00	3.09	12.97	13.10
Office Premises	9.57	0.00	0.00	0.00	9.57	1.85	0.00	0.41	0.00	2.26	7.32	7.72
Plant & Machinery	120.25	0.00	1.70	7.86	114.09	83.23	0.00	3.35	7.80	78.78	35.29	37.02
Furniture & Fixture	43.92	0.00	0.52	0.00	44.44	29.98	0.00	1.73	0.00	31.71	12.73	13.94
Office Equipments	25.17	0.00	0.32	0.00	25.49	21.76	0.00	1.40	0.00	23.16	2.34	3.41
Computers	37.32	0.00	0.00	0.02	37.30	36.39	0.00	0.56	0.00	36.95	0.37	0.91
Vehicles	6.88	0.00	0.00	0.00	6.88	6.20	0.00	0.13	0.00	6.33	0.55	0.68
Electrical Equipment & Fittings	0.71	0.00	0.00	0.00	0.71	0.28	0.00	0.06	0.00	0.34	0.37	0.43
Leasehold Improvements	64.37	0.00	0.00	0.00	64.37	44.04	0.00	2.55	0.00	46.59	17.78	20.33
Sub-Total	324.25	0.00	2.54	7.88	318.91	226.70	0.00	10.31	7.80	229.19	89.72	97.55



**Intangible Assets**

Computer Software	21.02	0.00	0.01	0.00	21.03	16.61	0.00	0.97	0.00	17.58	3.45	4.41
Trademarks / Patents etc.	4,599.37	0.00	0.00	0.00	4,599.37	0.00	0.00	0.00	0.00	0.00	4,599.37	4,599.37
Sub-Total	4,620.39	0.00	0.01	0.00	4,620.40	16.61	0.00	0.97	0.00	17.58	4,602.82	4,603.78
Grand Total	4,944.64	0.00	2.55	7.88	4,939.31	243.31	0.00	11.28	7.80	246.77	4,692.54	4,701.33

**ANNEXURE - 13**
**RESTATED CONSOLIDATED FIXED ASSETS (September 30, 2016)**

DESCRIPTION OF ASSETS	GROSS BLOCK (AT COST)					DEPRECIATION				(INR - Million) NET BLOCK		
	As at 1st April, 2016	Additions/ Adjustment on account of Acquisition	Additions	Deductions / Transfers	As at 30 September, 2016	As at 1st April, 2016	Additions / Adjustment s on account of Acquisition	For the period	Deductions / Transfers	As at 30 September, 2016	As at 30 September, 2016	As at 31st March, 2016
<b><u>Tangible Assets</u></b>												
Leasehold Land	16.06	0.00	0.00	0.00	16.06	3.22	0.00	0.12	0.00	3.34	12.72	12.84
Office Premises	9.57	0.00	0.00	0.00	9.57	2.64	0.00	0.35	0.00	2.99	6.59	6.93
Plant & Machinery	111.73	0.00	1.83	0.00	113.57	82.97	0.00	3.51	0.00	86.48	27.09	28.76
Furniture & Fixture	48.54	0.00	16.24	0.00	64.78	34.58	0.00	2.62	0.00	37.20	27.58	13.96
Office Equipments	25.65	0.00	0.73	0.00	26.38	23.59	0.00	0.55	0.00	24.13	2.25	2.06
Computers	37.62	0.00	0.07	1.09	36.59	36.28	0.00	0.32	1.05	35.57	1.01	1.34
Vehicles	6.88	0.00	0.00	0.00	6.88	6.44	0.00	0.08	0.00	6.51	0.37	0.44
Electrical Equipment & Fittings	0.71	0.00	0.00	0.00	0.71	0.40	0.00	0.04	0.00	0.45	0.26	0.31
Leasehold Improvements	64.89	0.00	0.00	0.00	64.89	49.91	0.00	2.03	0.00	51.93	12.96	14.98
Sub-Total	321.65	0.00	18.87	1.09	339.43	240.03	0.00	9.62	1.05	248.60	90.83	81.62
<b><u>Intangible Assets</u></b>												
Computer Software	21.03	0.00	0.00	4.88	16.15	18.29	0.00	0.45	4.39	14.35	1.80	2.73
Trademarks / Patents etc.	4,599.37	0.00	0.00	0.00	4,599.37	0.00	0.00	0.00	0.00	0.00	4,599.37	4,599.37
Sub-Total	4,620.40	0.00	0.00	4.88	4,615.53	18.29	0.00	0.45	4.39	14.35	4,601.17	4,602.10
Grand Total	4,942.05	0.00	18.87	5.97	4,954.96	258.33	0.00	10.07	5.44	262.95	4,692.00	4,683.72

**ANNEXURE 14 - Non Current Investments**
**(I) Investment in Equity Instruments**

- In affiliates - unquoted at cost

2,550 Equity Shares of Rs. 100/- Each of Shubalavanyaa Jewel

Crafts Private Limited. - refer annexure 28

-	-	-	-	1.78	1.78	-
---	---	---	---	------	------	---

**Others - quoted at cost**

250 equity shares of Shoppers' Stop Limited of Rs. 5/- each

(Previous Year 250 equity shares)

0.03	0.03	0.03	0.03	0.03	0.03	0.03
------	------	------	------	------	------	------

**(II) In Government Securities**

Investment in NSC

0.04	0.04	0.04	0.04	0.04	0.02	0.02
------	------	------	------	------	------	------

**(III) Others**

Share application money - Mannat Jewellery Manufacturing Pvt.

Ltd

-	8.44	-	8.44	8.44	8.44	57.73
---	------	---	------	------	------	-------

TOTAL

0.07	8.51	0.07	8.51	10.29	10.27	57.78
------	------	------	------	-------	-------	-------

**ANNEXURE 16 - Long Term Loans & Advances and Other**
**Assets**
**Unsecured, Considered Good**

Advances recoverable in cash or in kind

13.35	-	-	-	-	-	-
-------	---	---	---	---	---	---

Deposits\*\*

69.75	189.76	60.10	120.50	83.78	97.48	71.93
-------	--------	-------	--------	-------	-------	-------

Loans & Advance to Related Parties

-	27.27	27.27	27.27	27.27	27.27	27.27
---	-------	-------	-------	-------	-------	-------

**Other Loans & Advances**

Balance with Revenue Authorities

87.08	95.22	75.53	92.69	76.78	78.50	3.48
-------	-------	-------	-------	-------	-------	------

Others

-	5.44	-	21.72	7.29	-	74.83
---	------	---	-------	------	---	-------

TOTAL

170.18	317.69	162.90	262.18	195.12	203.25	177.51
--------	--------	--------	--------	--------	--------	--------

\*\* Deposits includes FD with maturity more than 12 months from balance sheet date, held under lien

**ANNEXURE 17 - Inventories**

Raw materials

18,903.80	10,312.25	16,770.85	6,588.09	4,147.70	1,296.40	1,406.67
-----------	-----------	-----------	----------	----------	----------	----------

Finished goods / Trading goods

4,273.92	8,977.64	4,776.59	5,387.25	3,348.02	6,903.10	4,026.04
----------	----------	----------	----------	----------	----------	----------

Consumables, Stores & Tools

-	0.06	-	0.08	0.93	1.78	2.86
---	------	---	------	------	------	------

TOTAL

23,177.72	19,289.95	21,547.44	11,975.42	7,496.65	8,201.28	5,435.57
-----------	-----------	-----------	-----------	----------	----------	----------

**ANNEXURE 18 - Trade Receivables**

(Unsecured)

Outstanding for more than six months considered good

23,092.32	3,334.06	12,926.53	14,585.16	11,810.57	3,862.46	1,642.41
-----------	----------	-----------	-----------	-----------	----------	----------

Outstanding for more than six months considered doubtful

14.10	18.99	20.51	18.99	21.65	17.09	18.01
-------	-------	-------	-------	-------	-------	-------

A

23,106.42	3,353.05	12,947.04	14,604.15	11,832.22	3,879.55	1,660.42
-----------	----------	-----------	-----------	-----------	----------	----------

Others considered good

21,250.61	28,191.09	18,336.92	15,412.86	9,312.87	15,338.03	8,388.27
-----------	-----------	-----------	-----------	----------	-----------	----------

	<b>B</b>	21,250.61	28,191.09	18,336.92	15,412.86	9,312.87	15,338.03	8,388.27
	<b>Sub Total ( A + B )</b>	44,357.03	31,544.14	31,283.96	30,017.01	21,145.09	19,217.58	10,048.69
Less: Provision for doubtful debts		14.10	18.99	20.51	18.99	21.65	17.09	18.01
	<b>TOTAL</b>	44,342.93	31,525.15	31,263.45	29,998.02	21,123.44	19,200.49	10,030.68
<b><u>ANNEXURE 19 - Cash and Bank Balance</u></b>								
<b>Cash and Cash Equivalents</b>								
Balances with Banks		61.31	54.34	18.67	55.38	78.00	183.42	90.08
Cash on Hand		1.15	1.29	1.04	0.86	12.56	2.00	1.45
<b>Other Bank Balances</b>								
Fixed Deposit**		870.51	911.40	813.48	985.71	1,412.06	1,995.79	1,079.92
Margin Money		2.01	2.02	2.01	2.05	-	417.80	0.59
	<b>TOTAL</b>	934.98	969.05	835.20	1,044.00	1,502.62	2,599.01	1,172.04
** Fixed deposits with maturity less than 12 months from balance sheet date.								
<b><u>ANNEXURE 20 - Short Term Loans &amp; Advances and Other Assets</u></b>								
Advances to Suppliers		56.50	346.53	33.62	24.66	14.88	27.57	31.73
Loans & Advance to Related Parties		-	257.82	-	-	6.89	85.48	313.14
Balance with Revenue authorities		702.43	482.36	550.73	391.05	365.11	356.77	214.93
Others		27.97	15.21	16.03	22.42	38.55	41.48	485.79
	<b>TOTAL</b>	786.90	1,101.92	600.38	438.13	425.43	511.30	1,045.59
<b><u>ANNEXURE 21 - Revenue from Operations</u></b>								
<b>Exports (Including Deemed Exports)</b>								
Diamonds		217.19	186.38	186.38	-	-	0.07	12.55
Jewellery & Others		24,827.76	13,598.60	27,916.00	12,554.62	7,971.07	8,339.45	3,151.73
		25,044.95	13,784.98	28,102.38	12,554.62	7,971.07	8,339.52	3,164.28
<b>Local</b>								
Diamonds		1,303.00	989.49	2,534.93	9,007.49	827.98	339.34	13.66
Jewellery & Others		13,652.74	9,675.80	29,205.77	23,921.29	27,566.94	44,398.49	26,206.52
		14,955.74	10,665.29	31,740.70	32,928.78	28,394.92	44,737.83	26,220.18
	<b>TOTAL</b>	40,000.69	24,450.27	59,843.08	45,483.40	36,365.99	53,077.35	29,384.46
<b><u>ANNEXURE 22 - Other Income</u></b>								
Exchange Difference Gain (Net)		615.06	227.29	1,065.83	670.12	30.85	213.46	162.88
Sundry creditors w/back		-	-	72.43	95.33	6.95	-	8.39-

Miscellaneous Income	0.34	18.43	377.03	3.24	60.85	58.73	46.52
<b>TOTAL</b>	<b>615.40</b>	<b>245.72</b>	<b>1,515.29</b>	<b>768.69</b>	<b>98.65</b>	<b>272.19</b>	<b>217.79</b>
<b><u>ANNEXURE 23 - Purchase of Raw Material &amp; Traded Goods</u></b>							
Diamonds	2,420.33	924.50	4,795.54	10,795.46	7,119.79	2,660.17	(4.73)
Jewellery & Others	37,602.47	29,122.82	62,138.50	35,394.64	24,575.56	48,284.14	27,627.17
<b>TOTAL</b>	<b>40,022.80</b>	<b>30,047.41</b>	<b>66,934.04</b>	<b>46,190.10</b>	<b>31,695.35</b>	<b>50,944.31</b>	<b>27,622.44</b>
<b><u>ANNEXURE 24 - Changes in Inventories</u></b>							
Diamonds	283.49	(945.87)	784.83	79.00	(2,873.02)	18.54	(138.48)
Jewellery & Others	(1,913.77)	(6,368.69)	(10,356.93)	(4,557.81)	3,577.27	(2,784.33)	(154.06)
<b>TOTAL</b>	<b>(1,630.28)</b>	<b>(7,314.56)</b>	<b>(9,572.10)</b>	<b>(4,478.81)</b>	<b>704.25</b>	<b>(2,765.79)</b>	<b>(292.54)</b>
<b><u>ANNEXURE 25 - Employee Benefit Expenses</u></b>							
<b><u>Payment to and Provision for Employees</u></b>							
Salary, Bonus & Allowances	124.43	135.58	259.65	308.52	441.58	459.37	216.66
Contribution to P.F. & Other Funds	7.20	8.04	15.65	17.60	21.85	23.85	33.89
Gratuity & Leave encashment	-	0.02	2.04	6.87	6.07	9.96	7.48
Staff Welfare	1.74	2.73	5.92	8.51	9.23	14.00	5.71
<b>TOTAL</b>	<b>133.37</b>	<b>146.37</b>	<b>283.26</b>	<b>341.50</b>	<b>478.73</b>	<b>507.18</b>	<b>263.74</b>
<b><u>ANNEXURE 26 - Finance Cost</u></b>							
Bank Interest (Net)	721.71	980.40	1,878.94	2,133.75	1,883.12	1,038.34	378.76
Other expenses	105.94	45.03	109.50	46.43	108.89	192.49	110.26
<b>TOTAL</b>	<b>827.65</b>	<b>1,025.43</b>	<b>1,988.44</b>	<b>2,180.18</b>	<b>1,992.01</b>	<b>1,230.83</b>	<b>489.02</b>
<b><u>ANNEXURE 27 - Other Expenses</u></b>							
Advertisement, Selling & Distribution expenses	150.89	68.31	339.01	371.28	413.16	567.90	130.60
Auditor's Remuneration	1.20	1.23	2.52	2.71	2.69	4.61	0.50
Bank charges & Commission	69.62	13.98	69.60	21.12	7.59	10.48	12.89
Consumption of stores & spare parts	12.54	9.56	18.48	15.04	14.94	16.47	13.76
Custom duty	-	-	-	5.91	-	-	-
Insurance	6.02	0.69	2.83	4.41	4.88	7.54	6.29
Labour Charges - Net	52.24	(16.55)	39.11	85.76	198.22	111.95	(3.91)
Legal, Professional And Service Charges	12.07	12.23	29.13	27.30	38.99	75.15	37.98
Power & fuel	11.30	11.58	25.25	32.78	34.28	30.60	11.54
Provision for Doubtful debts & Bad Debts W/off	28.44	0.13	7.30	757.62	73.12	0.09	-
Rent, Rates & Taxes	55.73	62.64	90.18	145.95	203.82	183.96	99.66
Repairs expenses	3.10	3.30	8.71	7.20	11.82	9.22	3.43
Travelling Expenses	13.50	11.89	22.89	33.87	64.58	80.67	45.70
Postage, Telephones & Communication charges	40.77	12.90	33.80	19.26	26.76	31.41	24.90

Miscellaneous Expenses		52.41	79.01	135.79	280.99	308.90	559.96	414.01
<b>TOTAL</b>		<b>509.83</b>	<b>270.90</b>	<b>824.60</b>	<b>1,811.20</b>	<b>1,403.75</b>	<b>1,690.00</b>	<b>797.35</b>

#### **ANNEXURE 28 - Exceptional Items**

Loss on Sale of Investments ( Refer annexure 29 d & 29 e)		-	-	7.59	0.51	-	-	3.88-
<b>TOTAL</b>		<b>-</b>	<b>-</b>	<b>7.59</b>	<b>0.51</b>	<b>-</b>	<b>-</b>	<b>3.88</b>

#### **ANNEXURE – 29: INVESTMENTS:**

During the financial year 2011-12, as a part of restructuring exercise, Gitanjali Gems Limited transferred to Nakshatra World Limited (Formerly Known as Gitanjali Brands Limited) its entire investment in six Indian subsidiaries. These subsidiaries are engaged in the business of manufacturing and trading, import and export of gold and studded jewellery, rough and polished diamonds and life style products in wholesale and retail markets.

#### **α. List of Companies considered in the restated consolidated financial statement are as follows:**

Name of the Companies	Nakshatra Brands Limited	Bezel Jewellery (India) Private Ltd. (Formerly known as D'Damas Jewellery (India) Private Limited)*	Gili India Limited	Asmi Jewellery India Limited	Spectrum Jewellery Limited	Shubhalavnya jewel craft Pvt. Ltd
<b>Country of Incorporation</b>	India	India	India	India	India	India
<b>Relationship</b>	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary
<b>Percentage of ownership Interest as at 30-09-2016</b>	100%	51%	100%	Refer 29 (b)	Refer 29 (b)	Refer 29 (c)
<b>Percentage of ownership Interest as at 30-09-2015</b>	100%	51%	100%	Refer 29 (b)	Refer 29 (b)	Refer 29 (c)
<b>Percentage of ownership Interest as at 31-03-2016</b>	100%	51%	100%	Refer 29 (b)	Refer 29 (b)	Refer 29 (c)
<b>Percentage of ownership Interest as at 31-03-2015</b>	100%	51%	100%	Refer 29 (b)	Refer 29 (b)	Refer 29 (c)
<b>Percentage of ownership Interest as at 31-03-2014</b>	100%	51%	100%	100%	99.60%	51%
<b>Percentage of ownership Interest as at 31-03-2013</b>	100%	51%	100%	100%	99.60%	51%
<b>Percentage of ownership Interest as at 31-03-2012</b>	100%	51%	100%	100%	99.60%	51%
<b>Date of acquisition</b>	August 29, 2011	August 29, 2011	August 29, 2011	August 29, 2011	August 29, 2011	August 29, 2011

\*Refer 29(d)

b. **Merger of the Group Companies:**

Merger of “Asmi Jewellery India Limited (Asmi) and Spectrum Jewellery Limited (Spectrum)” with Nakshatra Brands Limited (NBL) under Sections 391 to 394 of the Companies Act, 1956, was approved by the Hon’ble High Court of Bombay on June 14, 2016. The certified copies of the aforementioned orders approving the Scheme were filed with the Registrar of Companies, N.C.T. of Mumbai on July 7, 2016. On this date the Scheme became effective from the Appointed Date of April 1, 2014.

As per the Scheme, all the businesses, properties, assets, liabilities and the undertakings of “Asmi & Spectrum” (‘transferor company’) have been transferred to Nakshatra Brands Limited, using purchase method of accounting. As per the Scheme, 146.55 fully paid up equity share of Rs. 10/- each at a premium of Rs 4,467.88 per share, of Nakshatra Brands Limited are issued for every 100 fully paid up equity shares of Rs 10/- each held in Asmi. Also, as per the Scheme, 128.28 fully paid up equity share of Rs. 10 each at a premium of Rs 4,467.88 per share, of Nakshatra Brands Limited are issued for every 100 fully paid up equity shares of Rs 10/- each held in Spectrum.

Pursuant to order of the Honourable High court of Bombay, Nakshatra Brands Limited has issued the shares to the Company in exchange of the company’s Investment held in Spectrum and Asmi. In terms of Accounting Standard AS 13, the company, in restated accounts has recognized the incremental Investment value of Rs 5,490,274,792/- and the corresponding amount is credited to Capital Reserve.

c. **Investment / (Disinvestment) in subsidiary company:**

The Company has offered to Purchase equity shares of Bezel Jewellery (India) Private Ltd. (Formerly known as D’Damas Jewellery (India) Private Limited) from its 49% JV partner viz. Damas Jewellery LLC for a consideration of Rs.48,125,000/- and preference shares for consideration of Rs. 97,884,000/-. The company has paid part consideration of Rs.13,351,000/- towards equity shares. The company has paid balance consideration of Rs. 34,774,000/-, towards purchase of equity shares after September 30, 2016.

The company has sold its investment in Equity shares in its subsidiary namely Shubalavnyaa jewel craft Pvt. Ltd. For loss of Rs 0.51million in FY 14-15. The same is shown as exceptional item in statement of profit & loss.

d. **Disinvestment by subsidiaries:**

During the FY 2011-12 one of the subsidiary of the Company sold it’s investments for a consideration of Rs 1.13 million. The resultant loss on sale of Investment of Rs 3.88 million is shown under exceptional item in statement of profit & loss.

During the FY 2015-16 one of the subsidiary of the Company sold it’s investments for a consideration of Rs 0.84 million. The resultant loss on sale of Investment of Rs 7.59 million is shown under exceptional item in statement of profit & loss.

**ANNEXURE – 30: SHARE CAPITAL:**

a. Details of Authorised, Issued, Subscribed and Paid up Capital as at,

<b><u>Authorized share capital</u></b>	<b><u>Equity Shares of Rs.5/- each.</u></b>	<b><u>9% Non cumulative Preference Share of Rs.5/- each</u></b>
September 30, 2016	17,666,000 equity shares amounting to Rs 88.33 million	3,34,000 preference shares amounting to Rs 1.67 million
September 30, 2015	17,666,000 equity shares amounting to Rs 88.33 million	3,34,000 preference shares amounting to Rs 1.67 million
March 31, 2016	17,666,000 equity shares amounting to Rs 88.33 million	3,34,000 preference shares amounting to Rs 1.67 million

March 31, 2015	17,666,000 equity shares amounting to Rs 88.33 million	3,34,000 preference shares amounting to Rs 1.67 million
March 31, 2014	17,666,000 equity shares amounting to Rs 88.33 million	3,34,000 preference shares amounting to Rs 1.67 million
March 31, 2013	17,666,000 equity shares amounting to Rs 88.33 million	3,34,000 preference shares amounting to Rs 1.67 million
March 31, 2012	18,000,000 equity shares amounting to Rs 90.00 million	-

<b><u>Issued, Subscribed &amp; Paid up capital</u></b>	<b>Equity Shares of Rs.5/- each.</b>	<b>9% Non cumulative Preference Share of Rs.5/- each</b>
September 30, 2016	17,491,054 equity shares amounting to Rs 87.46 million	-
September 30, 2015	17,491,054 equity shares amounting to Rs 87.46 million	-
March 31, 2016	17,491,054 equity shares amounting to Rs 87.46 million	-
March 31, 2015	17,491,054 equity shares amounting to Rs 87.46 million	-
March 31, 2014	17,491,054 equity shares amounting to Rs 87.46 million	-
March 31, 2013	17,491,054 equity shares amounting to Rs 87.46 million	-
March 31, 2012	16,700,001 equity shares amounting to Rs 83.50 million	-

Note:

1. The company's Equity Shares have been sub - divided from one share of Rs. 10/- each to two shares of Rs. 5/- each, during Financial Year: 2010 – 2011.
  2. During financial year 2012- 13, the Company at its extra ordinary general meeting held on November 5, 2012 decided to reclassify its existing un issued 334,000 equity shares of Rs 5/- each in to 3,34,000 9% non cumulative redeemable preference shares of Rs 5/- each.
  3. Subsequent to 30.09.2016, the shareholders at its meeting held on October 24, 2016 increased the authorized share capital of the company by Rs. 71,00,00,000/- by creation of additional 14,20,00,000 Equity Shares of Rs. 5/- each ranking pari passu in all respect with the existing Equity Shares of the Company. Thus, authorized Share Capital stood at Rs. 80,00,00,000 divided into 16,00,00,000 Equity Shares of Rs. 5 each. Further, the shareholders of the Company in its meeting held on December 08, 2016 approved consolidation of the entire Authorized, Issued, Subscribed and Paid-up equity shares of the Company by increasing the face value of the equity shares from Rs.5/- each to Rs.10/- each. Thus, as at the signing date of report authorized share capital of the Company stood at Rs. 80,00,00,000/- divided into 8,00,00,000 equity shares of Rs. 10 each and issued, subscribed and paid up capital stood at Rs. 8,74,55,270 consisting of 87,45,527 equity shares of Rs 10 each.
  4. On December 15, 2016 the board of directors of the company recommended issue of bonus shares to the existing shareholders in the ratio of four new shares to every one existing share held by capitalization of Rs.34,98,21,080/- (Thirty Four Crores Ninety Eight Lakhs Twenty One Thousand and Eighty Only) out of Company's free reserves or Securities Premium Account in full or part as may be deemed fit for utilization for the purpose of issuance of Bonus Equity Shares.
- b. Reconciliation of number of shares at the beginning and at the end of the period,

<b><u>Issued, Subscribed &amp; Paid up capital</u></b>	<b>Shares outstanding at the beginning of the year</b>	<b>Shares issued during the year</b>	<b>Shares outstanding at the end of the year</b>
September 30, 2016	17,491,054	-	17,491,054
September 30, 2015	17,491,054	-	17,491,054
March 31, 2016	17,491,054	-	17,491,054
March 31, 2015	17,491,054	-	17,491,054

<b><u>Issued, Subscribed &amp; Paid up capital</u></b>	<b>Shares outstanding at the beginning of the year</b>	<b>Shares issued during the year</b>	<b>Shares outstanding at the end of the year</b>
March 31, 2014	17,491,054	-	17,491,054
March 31, 2013	16,700,001	791,053	17,491,054
March 31, 2012	16,700,000	1	16,700,001

Note:

1. In the Financial Year 2012-13, the Company had issued 7,91,053 equity shares of Rs 5/-each at a premium of Rs 2,270.50 per share to Gitanjali Gems Limited, holding company.
2. The Board of Directors of the company in its meeting held on November 17, 2011, issued 1 equity Share on preferential basis to Bennett Coleman & co. Ltd.(BCCL) of Face value Rs. 5 at a premium of Rs. 2,270.50 per share.
- c. Shares held by Holding / Ultimate Holding and / their subsidiaries / Associates: As on September 30, 2016 Gitanjali Gems Limited continues to hold 99.99 % Equity Shares of the Company. However, as on the date of this report Gitanjali Gems limited holds 100% equity shares of the company.
- d. Rights, Preferences and Restriction of Share holders

Equity shares of the company has par value of Rs. 5/- per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holder of equity shares will be entitled to receive remaining assets if any after distribution of all preferential accounts. The distribution will be pro rata to the equity share held by the shareholder.

Apart from right, restrictions and preferences prescribed by the Companies Act 2013. The Articles of Association of the company elaborately deal with the above. The reader is requested to refer to respective document for details.

- e. Details of shareholders holding more than 5 % shares in the Company as at,

<b><u>Gitanjali Gems Limited</u></b>	<b>Number of shares held</b>	<b>% of holding</b>
September 30, 2016	17,491,053	99.99
September 30, 2015	17,491,053	99.99
March 31, 2016	17,491,053	99.99
March 31, 2015	17,491,053	99.99
March 31, 2014	17,491,053	99.99
March 31, 2013	17,491,053	99.99
March 31, 2012	16,700,000	99.99

As on the date of report, percentage share holding is 100%



- f. Particulars of shares issued for consideration other than cash, shares bought back and bonus shares in last five years:
- i) Fully paid up pursuant to contract(s) without payment being received in cash - Nil
  - ii) Fully paid up by way of bonus shares - Nil
  - iii) Shares bought back – Nil
- g. There are no shares reserved for issue under options, contracts / commitments during FY 2011-12, 2012-13, 2013-14 and 2014-15 for sale of shares / disinvestments except for issue against convertible share warrants as detailed in annexure - 31.
- h. There are no shares forfeited during the year.
- i. Particulars of calls in arrears by directors and officers of the company. – NIL
- j. **Repayment of share application money**  
During the financial year 2013 – 14, the company & its subsidiaries returned the share application money of Rs 1,860.00 million received in previous year.

**ANNEXURE -31 : Money received against share warrants:**

The Board of Directors of the company in its meeting held on November 17, 2011, issued 5 convertible warrants on preferential basis to Bennett Coleman & co. Ltd.(BCCL) at Rs.80.00 million per warrant with an option to convert each warrant into 35,157 Equity Shares of nominal value of Rs. 5/- each at a premium of Rs. 2,270.50 per share. The option of conversion was valid for a period of 5 years from the date of allotment of warrants. In the financial year 2011-12, the company received initial subscription amount of Rs.8.00 million per warrant being 10 % of total subscription amount. Balance amount was payable at the option of the holder on or before 5 years from the date of allotment.

As mutually agreed between BCCL (the warrant holder) and the company, on the request of the warrant holder, as modification to Share cum warrant Subscription Agreement dated December 23, 2011, the company, during the financial year 2014-15, gave option to BCCL to surrender the warrants in part or whole. In the Board of Directors meeting held on July 07, 2014 the Board passed necessary resolution in this regard and agreed to refund the subscription money in installments. Accordingly, as at September 30, 2016 the balance payable amount of Rs 20.00 million is grouped under other current liabilities.

**ANNEXURE – 32: Long term Contracts and Financial Derivative Instruments:**

The Company has reviewed its Long term contracts relating to lease, if any. In the opinion of the management, there are no material foreseeable losses on such contracts including derivative contracts.

**ANNEXURE – 33: Borrowings:**

- a. **Secured Loan**
- (i) Working Capital Borrowing – from consortium of bankers.

Working Capital Borrowing consists of Funded limits (CC/ OD / PCFC) and Non Funded limits (LC / BG) from consortium of banks. They are secured by way of hypothecation on first charge ranking pari passu on all current assets, fixed assets etc., lien on fixed deposits and further collaterally secured by the corporate guarantee of the Gitanjali Gems Limited and rate of interest ranges between 12 % to 16 %. The facilities are repayable on demand.

During the financial year 2013-14, there has been changes in RBI policies related to issuance policy of BG/LC for purchase of gold. Due to this restriction there has been sudden and severe impact on cash flow, which in turn resulted in non payment of LC liability and bank interest, resulting in over drawing in bank account to the extent as shown below

Years	Amount (INR - million)
September 30, 2016	597.61
September 30, 2015	313.70
March 31, 2016	251.99
March 31, 2015	403.52
March 31, 2014	385.90
March 31, 2013	-
March 31, 2012	-

(ii) Inter Corporate Deposits from SICOM

One of the subsidiary of the company has availed inter corporate deposits from SICOM for a period of 365 days. The loan is renewable for a period between 180 days to 365 days. The loan carries interest @16.25%. For delayed payments overdue and penal interest is chargeable. The loan is secured by subservient charge on movable and current assets of the company, pledge of equity shares of Gitanjali Gems Limited owned by Mr. Mehul Choksi, personal guarantee of Mr. Mehul Choksi, and demand promissory note. In addition to this SICOM also holds charge on Jewellery pledged by another company as joint security and is also subservient to the loan availed by another company. The SICOM also hold post dated cheques issued by ultimate holding company. The outstanding including unpaid interest as at September 30, 2016 is Rs. 203.42 million.

(iii) Borrowings from promoters

The changes in RBI Policy in the financial year 2013-14 resulted in the liquidity crunch affecting the cash flows of the company. This resulted in the non payment of interest and overdrawing's in the working capital facilities. Consortium banks suggested the promoters to infuse funds to support the operations of the group. Based on these suggestions the promoters infused interest free loan without any stipulations for repayment. Promoters loan is shown under other long term liabilities in the financial statements.

(iv) Collateral Security Given for External Commercial Borrowings Loan availed by Gitanjali Gems Limited (Ultimate Holding):

The company's factory land at MIDC Andheri, Mumbai is mortgaged as collateral security to IDBI Trustee ship (for ICICI Bank) to secure external commercial borrowing of USD 50 Million availed by Gitanjali Gems Limited, the Ultimate Holding Company. There have been delays in servicing the principal and interest in respect of the ECBs by ultimate holding company.

Period wise overdue position is as under:

(USD Million)

Particulars	Half year ended 30th September		Year ended 31st March				
	2016	2015	2016	2015	2014	2013	2012
Years							
Principal	6.25	3.5	-	-	1.00	-	-
Interest	0.96	1.08	-	-	1.32	-	-

The Company has since cleared these overdue from time to time.

#### **ANNEXURE – 34: Trade Receivables:**

The trade receivables of subsidiary companies includes dues where suits have been filed / are in the process of filing suits for recovery of dues. The suits are maintainable in the court of Law. The management expects favourable outcome. The management is of the opinion that debts are good and recoverable and no provision is considered necessary at this stage. Period wise details are as follows;

Years	Amount (INR - million)
September 30, 2016	176.07
September 30, 2015	251.12
March 31, 2016	176.07
March 31, 2015	269.73
March 31, 2014	101.49
March 31, 2013	510.36
March 31, 2012	137.56

The group considers all trade receivables as good and recoverable other than those in respect of which provision for doubtful debts is made. As shown below, the group has written off export receivable as bad debts. The company is in process of filling / has filed application to authorized dealer / Reserve Bank of India in this respect.

Years	Amount (INR - million)
September 30, 2016	Nil
September 30, 2015	0.13
March 31, 2016	7.30
March 31, 2015	687.77
March 31, 2014	Nil
March 31, 2013	Nil
March 31, 2012	43.25

There are some cases where the export receivables are outstanding for more than permissible time limits for which respective companies are in the process of filing application to the requisite authority.

The receivables and payables from same party have been netted off for the purpose of presentation in the restated Consolidated Financial statements.

#### **ANNEXURE - 35: Purchase of Raw Materials and Traded Goods:**

The Group is mainly engaged in business of trading and manufacturing of Plain Gold Jewellery and Diamond Studded Jewellery. For this purpose the group has its own manufacturing facility and has job work manufacturing. The company also purchased jewellery produced by reputed manufacturers. Considering the nature of products, "Purchase of Raw Material and Traded Goods" also includes cost of materials consumed.

#### **ANNEXURE – 36: Undisputed Statutory Dues:**

As a result of change in RBI policy on gold imports, the company's cash flow was severely affected from mid May 2013 onwards and it continued to affect the cash flows of the company during FY 2015-16. For the said reason, bank working capital facilities were overdrawn on account of non serving of interest. As a result, the company could not meet some of the statutory payments in time.

As a result of the above, the self-assessment tax of the group has remained outstanding as at the date of signing the balance sheet. Further, for the same reason other statutory dues was outstanding for period over six months from respective due dates as at year end.

(INR - million)

Years	Self assessment tax	Other statutory dues
September 30, 2016	38.02	16.45
September 30, 2015	33.67	9.57
March 31, 2016	33.67	18.11
March 31, 2015	125.03	23.96
March 31, 2014	255.92	22.25
March 31, 2013	-	-
March 31, 2012	-	-

#### **ANNEXURE – 37: Contingent Liabilities not provided in Respect of:**

(INR - million)

	September 30, 2016	September 30, 2015	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Outstanding letter of credit	-	-	-	-	-	1970.00	2,027.50
Bank Guarantees given by subsidiaries	-	-	-	-	1.00	4,112.00	3,482.00

	September 30, 2016	September 30, 2015	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Disputed Income Tax	0.92	0.18	0.18	20.52	33.08	5.45	174.03
Estimated amounts of contracts remaining to be executed on Capital Account and not provided for	-	-	-	-	59.30	59.30	-
Summons/ show cause notice from Customs department	4.00	4.00	4.00	4.00	-	-	-
Guarantees given to Sales Tax / Custom /Excise Authorities/Civil Judge	1.30	1.30	1.33	1.30	0.30	1.69	8.07
Disputed Service Tax	22.63	22.63	22.63	22.63	22.63	22.63	22.63
Non Receipt of Sales Tax Declaration Form	31.76	44.56	40.64	104.21	81.87	73.80	59.77
Sales Tax demad Notice	142.43	142.50	142.43	142.43	142.43	-	-
Tax demand for various years as per TRACES	22.44	24.01	31.80	22.60	-	-	-
Disputed Central Excise	12.38	12.38	12.38	12.38	12.38	12.38	12.38
litigations filed against company by franchisees, creditors, landlords, customers, Suppliers & consumers	45.73	44.50	46.43	52.44	-	-	137.56

One of the subsidiary company has received notice from Brihanmumbai Municipal Corporation for payment of octroi duty. Pending settlement of industry dispute, most of the dealers have not been paying such octroi duty. However, the Company has provided Rs 11, 411, 592/- on this count on conservative basis. In the absence of clarity on the issue, future liability if any can not be estimated.

During all the respective period, one of the subsidiary company has paid Rs 11,92,349/- under protest to Delhi VAT authorities in respect of non sale transaction during financial year 2011-12. Pending settlement of issue the amount is shown under balance with revenue authorities. The subsidiary is advised that no additional VAT is required to be paid on non sale transaction.

Except as described above, there is no pending litigation which the group believes could reasonably be expected to have material adverse effect on the results of operations, cash flow or the financial position of the group.

#### **ANNEXURE – 38: Capital Commitments:**

Capital contract remaining outstanding as at,

Years	Amount (Rs in million)
September 30, 2016	132.66
September 30, 2015	Nil
March 31, 2016	Nil
March 31,2015	Nil

March 31,2014	59.30
March 31,2013	59.30
March 31,2012	Nil

The capital commitment as on September 30, 2016 pertains to the companies commitment to purchase equity shares of Bezel Jewellery (India) Private Ltd. (Formerly known as D'Damas Jewellery (India) Private Limited) from its 49% JV partner viz. Damas Jewellery LLC for a consideration of Rs.48.13 million and preference shares for consideration of Rs. 97.88 million. The company has paid part consideration of Rs.13.35 million towards equity shares as on September 30, 2016.

#### **ANNEXURE – 39: Earning per share:**

##### **c. Basic Earnings per Share (After Tax Provision)**

Particulars	Net profit for the period attributable to Equity Shareholders (INR - million)		Weighted average number of Equity Shares outstanding as at March 31, (Nos.)	Basic earnings per share (Face value of Rs. 5/- each) (Rs.)	
	Before Exceptional	After Exceptional		Before Exceptional	After Exceptional
September 30, 2016	734.46	734.46	17,491,054	41.99	41.99
September 30, 2015	496.48	496.48	17,491,054	28.39	28.39
March 31, 2016	801.52	796.43	17,491,054	45.83	45.53
March 31,2015	157.77	157.43	17,491,054	9.03	9.00
March 31,2014	153.06	153.06	17,491,054	8.75	8.75
March 31,2013	1,503.40	1,503.40	16,704,336	90.00	90.00
March 31,2012	536.85	534.25	16,700,000	32.15	31.99

##### **d. Diluted Earnings Per Share (After Tax Provision)**

Particulars	Net profit for the period attributable to Equity Shareholders (INR - million)		Weighted average number of Equity Shares outstanding as at March 31, (Nos.)	Basic earnings per share (Face value of Rs. 5/- each) (Rs.)	
	Before Exceptional	After Exceptional		Before Exceptional	After Exceptional
September 30, 2016	734.46	734.46	17,491,054	41.99	41.99
September 30, 2015	496.48	496.48	17,491,054	28.39	28.39
March 31, 2016	801.52	796.43	17,491,054	45.83	45.53
March 31,2015	157.77	157.43	17,491,054	9.03	9.00
March 31,2014	153.06	153.06	17,666,929	8.66	8.66
March 31,2013	1,503.40	1,503.40	16,880,121	89.06	89.06

Particulars	Net profit for the period attributable to Equity Shareholders (INR - million)		Weighted average number of Equity Shares outstanding as at March 31, (Nos.)	Basic earnings per share (Face value of Rs. 5/- each) (Rs.)	
	Before Exceptional	After Exceptional		Before Exceptional	After Exceptional
March 31, 2012	536.85	534.25	16,732,660	32.05	31.90

#### **ANNEXURE – 15: DEFERRED TAX ASSETS AND LIABILITIES AS AT MARCH 31,**

(Rs. in million)

PARTICULARS	September 30, 2016	September 30, 2015	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
<b>Opening Deferred tax liability</b>	-	-	-	-	0.24	-	-
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	-	(0.94)	(1.65)	(9.04)	4.89	-	0.47
More than five years	-	-	-	-	-	-	-
<b>Gross deferred tax liability</b>	-	<b>(0.94)</b>	<b>(1.65)</b>	<b>(9.04)</b>	<b>5.13</b>	-	<b>0.47</b>
<b>Deferred Tax Asset</b>	-	-	-	-	-	1.17	-
Disallowance under Section 43B of Income Tax Act	-	1.88	12.46	6.64	9.31	10.38	10.09
Unabsorbed Business Losses/Depreciation	-	-	-	-	7.80	5.24	8.89
Provision for leave Salary/Gratuity	3.59	2.86	1.26	3.95	3.53	4.34	2.41
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	21.00	18.95	11.45	19.19	3.25	0.05	6.06
Others	-	-	-	9.58	1.85	-	-
<b>Gross Deferred Tax Asset</b>	<b>24.59</b>	<b>23.69</b>	<b>25.17</b>	<b>39.36</b>	<b>25.74</b>	<b>21.17</b>	<b>27.45</b>
<b>Net Deferred tax Asset/(Liability)</b>	<b>24.59</b>	<b>24.64</b>	<b>26.82</b>	<b>30.33</b>	<b>20.60</b>	<b>21.17</b>	<b>26.97</b>

- The Gross Deferred Tax Liabilities and Deferred Tax Asset is shown above. The same is reported on net basis in the restated Consolidated Financial Statements.

#### **ANNEXURE – 40: RESTATED CONSOLIDATED SEGMENTAL REPORTING**

(INR - million)

Particulars	Half year ended September - 16	Half year ended September - 15	Twelve month period ended - 2016	Twelve month period ended - 2015	Twelve month period ended - 2014	Twelve month period ended - 2013	Twelve month period ended - 2012
The Company's sole business segment is trading & manufacturing of Diamond Studded Jewellery and Gold Jewellery and all activities of the company are incidental to this sole business segment. Given this fact and that the Company services it's domestic and export markets from India only, the financial statement reflect the information required by accounting standard -17 'Segment Reporting', issued by Institute Of Chartered Accountants of India for the sole business segment of trading of jewellery. The entire business assets of the Company are situated in India.							
Total capital employed in the business and as such in the segment.	12,558.31	11,496.78	11,797.03	10,999.92	6,327.45	6,174.44	2,885.52
Secondary segment of the company are Geographic, namely Domestic and Exports. Revenue from Geographic statements is based on the domicile of customers.							
Debtors outstanding in respect of export segment	31,661.26	23,530.82	15,337.11	20,375.15	13,746.70	6,815.56	2,005.23
Debtors outstanding in respect of domestic segment	12,681.67	7,994.33	15,926.34	9,622.87	7,376.74	12,384.93	8,025.45
Net sales to export customers	25,044.96	13,784.97	28,102.38	12,554.62	7,971.07	8,339.52	3,164.28
Net sales to domestic customers	14,955.74	10,665.29	31,740.70	32,928.79	28,394.92	44,737.83	26,249.95

#### **ANNEXURE – 41: RELATED PARTY DISCLOSURE:**

##### **Related Party Disclosures as per AS 18 as on**

	Particulars of Relationship	30th September, 2016	30th September, 2015	31st March, 2016	31st March, 2015	31st March, 2014	31st March, 2013	31st March, 2012
<b>1.</b>	<b>Enterprise controlling the company</b>							
	<b>Holding Company</b>							
	Gitanjali Gems Limited	√	√	√	√	√	√	√
<b>2.</b>	<b>Key Managerial personnel</b>							



	Particulars of Relationship	30th September, 2016	30th September, 2015	31st March, 2016	31st March, 2015	31st March, 2014	31st March, 2013	31st March, 2012
	Mehul Choksi (Managing Director)	√	√	√	√	√	√	√
	Dhanesh Sheth (Director)	√	√	√	√	√	√	√
	Jyoti Vora (Director)	√	√	√	√	NA	NA	NA
	Amrish Masalia (Director)	NA	NA	NA	√	√	√	√
	Manojkumar Bavakad (Managing Director)	NA	NA	NA	NA	√	√	√
	Mihir Joshi w.e.f. 15/05/2015 (Company Secretary)	√	√	√	NA	NA	NA	NA
	Aniyath Shivraman Nair (Director) (from May 10th, 2014 to October 29, 2014)	NA	NA	NA	√	NA	NA	NA
<b>3.</b>	<b>Enterprise under common control of holding company</b>							
	<b>Subsidiary</b>							
	Asmi Jewellery India Limited	NA	NA	NA	NA	√	√	√
	Bezel Jewelry (India) Pvt Ltd. (Formerly known as D'Damas Jewellery (India) Private Limited)	√	√	√	√	√	√	√
	Gili India Limited	√	√	√	√	√	√	√
	Nakshtra Brands Limited	√	√	√	√	√	√	√
	Spectrum Jewellery Limited	NA	NA	NA	NA	√	√	√
	Shubalavanyaa Jewel Crafts Private Ltd.	NA	NA	NA	NA	√	√	√
	<b>Fellow Subsidiary</b>							
	Crown Aim Limited	√	√	√	√	√	√	√
	Gitanjali Exports Corporation Limited	NA	NA	NA	NA	√	√	√
	Gitanjali Jewellery Retail Ltd.	√	√	√	√	√	√	√
	Gitanjali Lifestyle Ltd.	√	√	√	√	√	√	√
	Gitanjali ventures DMCC	√	√	√	√	√	√	√
	Hyderabad Gems Sez Limited	√	√	√	√	√	√	√
	Leading Jewels of Japan KK	√	√	√	√	√	√	NA
	Maya Retail Limited	√	√	√	√	√	√	√
	Abbeycrest Thailand Ltd.	√	√	√	NA	NA	NA	NA
	BLU SRL	NA	NA	NA	NA	√	√	√
	Diamlink Jewellery Inc	NA	√	NA	√	√	√	√
	Giantti Itali SRL	NA	NA	NA	NA	√	√	√
	Gitanjali Infratech Ltd.	NA	√	NA	√	√	√	√

	Particulars of Relationship	30th September, 2016	30th September, 2015	31st March, 2016	31st March, 2015	31st March, 2014	31st March, 2013	31st March, 2012
	Leading Italian Jewels(Singapore)PTE. Ltd.	NA	√	NA	√	√	NA	NA
	MMTC Gitanjali Ltd.	√	√	√	√	√	√	√
	Samuels Jewellers Inc.	√	√	√	√	√	√	NA
	Jewelsouk Marketplace Limited	NA	NA	NA	NA	√	√	NA
<b>4.</b>	<b>Particulars of enterprise controlled by Key Management Personnel</b>							
	Diadem Ranka Desire Lifestyles Pvt. Ltd.	NA	√	√	√	√	NA	NA
	Jewelsouk Marketplace Limited	√	√	√	√	NA	NA	NA
	Damas Goldfields Jewellery Pvt Ltd	NA	NA	NA	√	√	√	√
	Diamond Creation	NA	NA	NA	NA	√	√	√
	Gitanjali Gold & Precious Ltd.	NA	NA	NA	NA	√	√	√
	Mannat Jewellery Mfg. Pvt.Ltd.	NA	NA	NA	√	√	√	√
	Shubalavanyaa Jewel Crafts Private Ltd.	√	√	√	√	NA	NA	NA
<b>5.</b>	<b>Relatives of Key Management Personnel</b>							
	Mr. Rohan Choksi	NA	√	NA	√	√	NA	NA
	Ms. Maitryi Choksi	NA	√	NA	√	NA	NA	NA
	Mrs. Priti M Choksi	NA	NA	NA	NA	√	√	√
<b>6.</b>	<b>Enterprises Controlled by the Investing Venturer of the Subsidiary / Joint Venture Company of the group</b>							
	<b>Investing company of a subsidiary Company</b>							
	Damas Jewellery LLC	NA	NA	NA	√	√	√	√
<b>7.</b>	<b>Particulars of Enterprises under common control of fellow subsidiaries</b>	NA	NA	NA	NA	NA	√	√
	Diadem Ranka Desire Lifestyles Pvt. Ltd.							
	Note:- √ - indicates relationship exist for the period. NA – relationship dose not exist during the period. <b>List of transactions with related party is shown below;</b>							

Row Labels	Related Party Disclosures as per AS 18 as on 30th September, 2016	Related Party Disclosures as per AS 18 as on 30th September, 2015	Related Party Disclosures as per AS 18 as on 31st March, 2016	Related Party Disclosures as per AS 18 as on 31st March, 2015	Related Party Disclosures as per AS 18 as on 31st March, 2014	Related Party Disclosures as per AS 18 as on 31st March, 2013	Related Party Disclosures as per AS 18 as on 31st March, 2012
<b>Key Management Personnel</b>							
Amount							
Outstanding Shown Under Trade Receivable	0.15	0.32	-	-	-	0.23	2.12
Amount							
Outstanding Shown Under Unsecured Loan	150.06	150.06	-	-	-	-	0.21
Loan Given	250.00	100.00	-	100.00	-	-	-
Sales	0.44	0.29	0.95	1.22	1.90	3.21	27.16
Loan Taken	-	150.00	1,50.00	-	-	-	-
Amount							
Outstanding Shown Under Advance from Related Party	-	-	319.22	-	-	-	-
Amount							
Outstanding Shown Under Advance Received	-	-	100.00	(100.00)	-	-	-
Sale of Investment	-	-	0.84	-	-	-	-
Amount							
Outstanding Shown Under Trade Payable	-	-	-	-	0.05	0.05	0.10
Managerial Remuneration	-	-	-	2.55	2.19	2.49	-
	<b>400.65</b>	<b>400.67</b>	<b>571.01</b>	<b>3.77</b>	<b>4.14</b>	<b>5.98</b>	<b>29.59</b>
<b>Particulars of Enterprises</b>							

Row Labels	Related Party Disclosures as per AS 18 as on 30th September, 2016	Related Party Disclosures as per AS 18 as on 30th September, 2015	Related Party Disclosures as per AS 18 as on 31st March, 2016	Related Party Disclosures as per AS 18 as on 31st March, 2015	Related Party Disclosures as per AS 18 as on 31st March, 2014	Related Party Disclosures as per AS 18 as on 31st March, 2013	Related Party Disclosures as per AS 18 as on 31st March, 2012
<b>controlling the Company</b>							
Advances/Balances W/Off Amount Outstanding Shown Under Trade Payable	23.70	-	-	-	0.00	-	-
Purchase	11,041.75	6,142.88	2,863.17	5,442.95	479.74	49.62	1,113.13
Reimbursement of Expenses	3,142.83	2,322.03	5,938.72	10,560.98	11,717.63	12,711.08	1,1278.99
Rent	3.61	4.23	87.45	77.46	247.94	59.25	67.53
Sales	1.32	1.55	3.18	5.80	7.01	5.85	3.23
Amount Outstanding Shown Under Trade Receivable	1,348.08	3,060.23	7,267.33	9,643.03	8,986.95	7,187.18	6,651.04
Other Income	-	2,384.03	86.87	1,073.07	243.41	2,431.29	1,729.81
Reimbursement of Expenses Paid	-	0.25	0.28	1.86	-	-	13.94
Reimbursement of Expenses Received	-	31.65	190.05	58.09	43.14	65.14	-
Labour Charges Received	-	0.01	1.34	1.01	-	0.04	-
Expense	-	67.94	-	52.87	10.98	2.41	2.26
Job Work	-	-	67.40	142.35	-	34.29	149.95
Sale of Fixed Assets	-	-	89.85	-	-	0.34	-
Balance in Loan Account	-	-	0.06	-	-	-	-
Equity Share Allotment	-	-	-	-	22.83	-	-
Expense Recovered	-	-	-	-	3.96	3.96	-
	-	-	-	-	0.93	0.04	-

Row Labels	Related Party Disclosures as per AS 18 as on 30th September, 2016	Related Party Disclosures as per AS 18 as on 30th September, 2015	Related Party Disclosures as per AS 18 as on 31st March, 2016	Related Party Disclosures as per AS 18 as on 31st March, 2015	Related Party Disclosures as per AS 18 as on 31st March, 2014	Related Party Disclosures as per AS 18 as on 31st March, 2013	Related Party Disclosures as per AS 18 as on 31st March, 2012
Income	-	-	-	-	4.36	-	-
Loan Paid	-	-	-	-	44.28	1,800.00	75.80
Loan Taken	-	-	-	-	3.33	600.00	1.83
Refund of Share Application Money	-	-	-	-	250.00	-	-
Share Application Money Repaid	-	-	-	-	1,610.00	-	-
Advance Recovered	-	-	-	-	-	-	0.55
Advance Towards Share Capital	-	-	-	-	-	-	180.00
Short Term Borrowings	-	-	-	-	-	-	23.25
Unsecured Loans	-	-	-	-	-	-	1,200.00
Advertisement Expenses	-	-	-	-	-	70.05	-
Labour Charges Paid	-	-	-	-	-	2.54	-
Share Application Money Received	-	-	-	-	-	760.00	-
Refund Of Share Application Money	-	-	-	-	-	180.00	-
	<b>15,561.29</b>	<b>14,014.80</b>	<b>16,595.70</b>	<b>27,059.47</b>	<b>23,676.49</b>	<b>25,963.08</b>	<b>22,491.31</b>
<b>Particulars of Enterprises Under Common Control of the Holding Company</b>							
Amount Outstanding Shown Under Trade Payable	8,513.80	693.33	5,085.04	2,594.54	1,216.90	2447.53	347.57
Amount Outstanding Shown Under Trade Receivable	1063.34	6063.58	3,662.64	6,670.72	6,653.07	9,497.62	4,098.89

Row Labels	Related Party Disclosures as per AS 18 as on 30th September, 2016	Related Party Disclosures as per AS 18 as on 30th September, 2015	Related Party Disclosures as per AS 18 as on 31st March, 2016	Related Party Disclosures as per AS 18 as on 31st March, 2015	Related Party Disclosures as per AS 18 as on 31st March, 2014	Related Party Disclosures as per AS 18 as on 31st March, 2013	Related Party Disclosures as per AS 18 as on 31st March, 2012
Discount Received	0.06	0.00	(0.00)	0.35	-	-	-
Freight Charges Received	0.01	-	-	-	-	-	-
Labour Charges Received	0.04	-	-	0.23	0.91	3.17	0.36
Purchase	9,292.65	1,618.08	11,170.38	8,889.23	7,974.45	9,798.62	2,857.12
Reimbursement of Expenses	2.60	1.79	29.70	2.24	2.73	76.44	4.23
Sales	2,916.77	2,793.25	7,673.89	13,979.64	8,905.84	16,590.55	7,493.77
Other Income	-	0.05	0.20	0.49	-	16.57	0.33
Reimbursement of Expenses Paid	-	12.58	104.99	16.64	2.77	1.04	-
Reimbursement of Expenses Received	-	1.56	1.82	20.56	2.69	2.36	-
Advance to Suppliers	-	284.29	-	-	-	-	3.31
Expense	-	-	1.45	3.72	-	-	-
Expenses Recovered	-	-	0.31	0.32	0.06	0.10	-
Expenses Debited	-	-	-	-	0.03	1.50	1.90
Fixed Asset Sale	-	-	-	-	1.26	-	-
Income	-	-	-	-	5.96	-	-
Rent Paid	-	-	-	-	0.08	(0.60)	-
Advance Recovered	-	-	-	-	-	-	0.04
Amount							
Outstanding Shown Under Loans & Advances	-	-	-	-	-	-	11.66
Expenses Credited	-	-	-	-	-	-	5.34
Job Work	-	-	-	-	-	0.10	1.52
Labour Charges Paid	-	-	-	-	-	1.24	3.56

Row Labels	Related Party Disclosures as per AS 18 as on 30th September, 2016	Related Party Disclosures as per AS 18 as on 30th September, 2015	Related Party Disclosures as per AS 18 as on 31st March, 2016	Related Party Disclosures as per AS 18 as on 31st March, 2015	Related Party Disclosures as per AS 18 as on 31st March, 2014	Related Party Disclosures as per AS 18 as on 31st March, 2013	Related Party Disclosures as per AS 18 as on 31st March, 2012
Advances/ Balances							
Write Off	-	-	-	-	-	0.03	-
Loan Repaid	-	-	-	-	-	0.25	-
Loan Taken	-	-	-	-	-	0.04	-
Purchase Of Fixed Assets	-	-	-	-	-	0.88	-
Share Application Money Received	-	-	-	-	-	450.00	-
	<b>21,789.27</b>	<b>11,468.51</b>	<b>27,730.42</b>	<b>32,178.68</b>	<b>24,766.75</b>	<b>38,887.44</b>	<b>14,829.60</b>
<b>Particulars of Enterprises controlled by Key Management Personnel</b>							
Amount Outstanding Shown Under Trade Payable	12.94	24.18	18.09	-	-	-	47.54
Amount Outstanding Shown Under Trade Receivable	64.54	74.40	40.35	4.00	0.38	20.59	24.01
Amount Receivable Shown in Loans and Advances	-	27.27	27.27	27.27	27.27	-	-
Amounts W/off Purchase	27.27	-	-	-	-	-	-
Sales	11.72	86.52	208.23	-	-	-	-
Reimbursement of Expenses	1,061.99	274.03	1,457.94	0.31	-	-	-
	-	-	0.26	-	-	-	-

Row Labels	Related Party Disclosures as per AS 18 as on 30th September, 2016	Related Party Disclosures as per AS 18 as on 30th September, 2015	Related Party Disclosures as per AS 18 as on 31st March, 2016	Related Party Disclosures as per AS 18 as on 31st March, 2015	Related Party Disclosures as per AS 18 as on 31st March, 2014	Related Party Disclosures as per AS 18 as on 31st March, 2013	Related Party Disclosures as per AS 18 as on 31st March, 2012
Advance Towards Share Capital	-	-	-	8.44	8.44	8.44	57.73
Advance Outstanding Towards Share Capital Received Back	-	-	-	-	-	49.29	-
	<b>1,178.46</b>	<b>486.40</b>	<b>1,752.14</b>	<b>40.02</b>	<b>36.09</b>	<b>78.32</b>	<b>129.31</b>
<b>Relatives of Key Management Personnel</b>							
Amount Received against Sales	-	-	-	1.39	2.58	-	-
Sales	-	-	-	1.39	2.69	38.26	-
Amount Outstanding Shown Under Trade Receivable	-	-	-	-	-	38.65	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.78</b>	<b>5.27</b>	<b>76.91</b>	<b>-</b>
<b>Particulars of enterprises controlled by the Company</b>							
Amount Outstanding Shown Under Trade Payable	-	-	-	-	3.28	3.28	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3.28</b>	<b>3.28</b>	<b>-</b>
<b>Particulars of Enterprises Controlled by the Investing Venturer of the Subsidiary Company</b>							



Row Labels	Related Party Disclosures as per AS 18 as on 30th September, 2016	Related Party Disclosures as per AS 18 as on 30th September, 2015	Related Party Disclosures as per AS 18 as on 31st March, 2016	Related Party Disclosures as per AS 18 as on 31st March, 2015	Related Party Disclosures as per AS 18 as on 31st March, 2014	Related Party Disclosures as per AS 18 as on 31st March, 2013	Related Party Disclosures as per AS 18 as on 31st March, 2012
Advances from Customer	-	-	-	-	120.31	111.09	103.14
Advances for purchase of shares	13.35	-	-	-	-	-	-
Amount Outstanding Shown Under Trade Payable	-	-	-	3.39	3.23	2.98	2.77
Amount Outstanding Shown Under Trade Receivable	-	-	-	4.00	8.00	8.01	4.00
Reimbursement of Expenses	-	-	-	95.33	-	-	-
	13.35	-	-	102.72	131.54	122.08	109.91

#### Particulars of Enterprises under common control of fellow subsidiaries

Amount Receivable Shown in Loans and Advances	-	-	-	-	-	27.27	27.27
	-	-	-	-	-	27.27	27.27

Note:

1. Sales and purchase between group companies/ subsidiaries/ associate companies in aggregate are in excess of ten percent of total sales and purchase of the Company respectively.
2. Sundry debtors and loans and advances related to directors, promoters and the issuer are disclosed above.
3. The borrowings from banks and financial institutions of the company and its subsidiaries are secured by way of personal guarantee of the promoter, Mr. Mehul Choksi to the extent of the borrowings.

#### **ANNEXURE – 42: EMPLOYEE BENEFITS:**

The company has followed Accounting Standard-15 Employee Benefits, notified under the Companies (Accounting Standard) Rules, 2006. Wherever applicable, the company and its subsidiaries accounted for the liability for gratuity benefits payable in future based on independent actuarial valuation. The liability is not funded. The disclosure based on AS 15 is not reproduced for sake of brevity.

#### **ANNEXURE – 43: DISCLOSURE OF FOREIGN CURRENCY EXPOSURES:**

The details of outstanding foreign currency exposure of the Group as at March 31, is as under:

PARTICULARS	September 30, 2016	September 30, 2015	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
	USD (million)	USD (million)	USD (million)	USD (million)	USD (million)	USD (million)	USD (million)
Debtors – covered by Forward Contract	-	-	-	-	-	-	-
Debtors – uncovered	496.63	322.26	394.25	343.97	234.39	124.55	39.40
Creditors – covered by Forward Contract	-	-	-	-	-	-	-
Creditors – uncovered	323.16	216.68	261.63	114.93	99.89*	70.93*	7.86*
Bank Facility – uncovered	48.83	52.09	48.34	36.41	-	-	-

\* Including advance from customer of USD 2.03 million.

Note: Forward contracts for debtors and creditors are not intended for trading and speculation.

#### **ANNEXURE – 44: LEASE DISCLOSURE:**

- The Company has taken various office premises under operating lease or leave and license agreements. These are generally non-cancelable and ranges between 11 months and 5 years under leave and license, or longer for other leases and are renewable by mutual consent on mutually agreeable terms. The company has given refundable interest free security deposits under certain agreements.
- Lease payments are recognized in the Statement of profit & loss under the head 'Rent'
- The future minimum lease payments as at March 31, are as follows:

PARTICULARS	(INR – million)						
	September 30, 2016	September 30, 2015	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Not later than one year	23.95	18.21	25.88	53.82	87.88	104.05	59.95
later than one year and not later than five years	103.43	26.78	70.62	52.53	169.61	204.24	124.26
More than five years	4.99	7.96	6.02	5.63	40.72	95.75	-

The future minimum lease receivables as at March 31, for all reporting period is **NIL**.

**ANNEXURE – 45: INVESTOR EDUCATION AND PROTECTION FUND:**

There has been no delay in transferring amounts required to be transferred to Investor Education and Protection Fund by the company. There are no amounts required to be transferred to Investor Education and Protection Fund by the subsidiaries and associate.

**ANNEXURE – 46: PUBLIC DEPOSIT:**

As represented by the management, the company has not accepted any deposit from the public, within the meaning of Sections 73 to 76 of Companies Act 2013 and the rules framed there under.

**ANNEXURE – 47:**

- a) Based on the details regarding the status of the suppliers, to the extent obtained, no supplier is covered under the Micro, Small and Medium Enterprises Development Act, 2006. The Auditors have relied on management information.
- b) To the extent information available with the company, the company does not owe any sum to small scale industrial unit as defined in clause (j) of Section 3 of the Industrial (Development & Regulation) Act, 1951. The auditors have relied on management information.
- c) As represented by the company, the company does not owe any sum to micro enterprises and small enterprises. Accordingly, the company has not made a separate disclosure under Trade Payables in Part I – Balance Sheet as required by the notification dated 04th September, 2015 pertaining to alterations in Schedule III issued by Ministry of Corporate Affairs.

**ANNEXURE – 48:**

The inventory comprising of raw material & finished goods is physically verified by the management as at the end of the year. In respect of stock lying with third parties as at the year end written confirmations have been obtained by the management.

**ANNEXURE – 49:**

- a) In the opinion of the management, current assets, loans and advances have a value on realization in the course of business at least equal to the amount at which they are stated in the balance sheet and are fully recoverable and considered good. The provision for depreciation and all known liabilities is adequate and not in excess of the amount reasonably stated.
- b) Balances of certain debtors, creditors and advances given are subject to confirmation or reconciliation if any. The management does not expect any material difference affecting the financial statements on such reconciliation / adjustments.

**ANNEXURE – 50:**

Fixed Assets:

There is no impairment loss on fixed assets on the basis of review carried out by the management in accordance with the accounting standard (AS) – 28 “Impairment of Assets”.

#### **ANNEXURE – 51: Capitalisation Statement**

Particulars	(INR - Millions )	
	Pre-issue as at 30-09-2016	As Adjusted for issue
<b>Short Term Debt</b>		
Working Capital from bank- Secured	15,647.17	[•]
From Financial institution - Secured	203.42	[•]
Liabilities towards Preference share capital	199.76	[•]
<b>Total Of short term debt (A)</b>	16,050.35	[•]
<b>Long Term Debt</b>		[•]
Loans & Advances from Related Parties- unsecured	569.22	
<b>Total Of Long term debt (B)</b>	<b>569.22</b>	[•]
<b>Total Debt (A+B)</b>	<b>16,619.57</b>	
<b>Shareholders Fund</b>		
<b>Share Capital (C)</b>	87.46	[•]
<b>Reserves</b>		[•]
Securities Premium Account	2,013.84	[•]
Capital reserves	5,490.27	[•]
Capital reserves on Consolidation	1,231.66	[•]
Profit & Loss Balance	3,704.19	[•]
<b>Total of reserves (D)</b>	12,439.96	[•]

<b>Total Shareholders Funds (C+D)</b>	12,527.42	[●]
<b>Total Debt/Equity</b>	<b>1.33</b>	[●]

#### **ANNEXURE – 52:**

The above statements should be read with notes to the restated standalone balance sheet, restated profit and loss and restated cash flow as appearing and significant accounting policies, as appearing in annexure 5 to 51.

As per our attached report of even date.

**For FORD RHODES PARKS & CO. LLP**

Chartered Accountants

ICAI Firm Registration No : 102860W/W100089

For and on behalf of the Board

**A. D. SHENOY**

Partner

**Membership No. 11549**

Place : Mumbai

Date : December 15, 2016

**Mehul C Choksi**

Chairman and Managing Director

**Milind Limaye**

Director

**Saurabh Deshpande**

Company Secretary

**Kapil Khandelwal**

Chief Financial Officer

## SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND IND (AS)

The standalone and consolidated financial statements of our Company have been prepared in accordance with Standards under Indian GAAP (existing Indian GAAP i.e before considering the amendments in the Accounting Standards as amended by the Companies (Accounting Standards) Amendment Rules 2016 issued on March 30, 2016), which differs in certain material respects from IND (AS).

The areas in which differences between existing Indian GAAP vis-a-vis IND (AS) could be significant to the financial position are summarised below. IND (AS) being the exhaustive sets of standards, rules and interpretations, no assurance can be given that the differences listed below cover all possible differences. Further, no attempt has been made to identify differences between existing Indian GAAP and IND (AS) as a result of prescribed changes in accounting standards that are effective in future periods. Regulatory bodies that promulgate the standards have significant projects ongoing that could affect future comparisons such as this one. Finally, no attempt has been made to identify future differences between the existing Indian GAAP and the IND (AS) that may affect the financial information as a result of transactions or events that may occur in the future.

Certain principal differences between Indian GAAP and IND (AS) that may have a material effect on our financial statements are summarized below. Our management has not quantified all of the effects of the differences discussed below. Accordingly, no assurance can be provided to investors that our financial statements would not be materially different if prepared in accordance with IND (AS).

Potential investors should consult their own advisers for an understanding of the principal differences between the existing Indian GAAP and the IND (AS), and how these differences might affect the financial statements appearing in this document.

S. No.	IND(AS) No.	Particulars	Treatment as per Indian GAAP	Treatment as per IND (AS)
1	IND (AS) 1 Presentation of Financial Statements	Other Comprehensive Income:	Statement of Other Comprehensive Income is not applicable under Indian GAAP. Some items, such as revaluation surplus, that are treated as 'other comprehensive income' under IND (AS) are recognised directly in equity under Indian GAAP. There is no concept of "other comprehensive income" under Indian GAAP.	The statement of profit and loss and other comprehensive income includes all items of income and expense (i.e. all 'non-owner' changes in equity) including (a) components of profit or loss and (b) other comprehensive income (i.e. items of income and expense that are not recognised in profit and loss as required or permitted by other accounting standards under IND (AS). An entity is required to present all items of income and expenses including components of other comprehensive income in a period in a single statement of profit and loss.
2	IND (AS) 1 Presentation of Financial Statements	Statement of Change in Equity:	A statement of changes in equity is currently not presented. Movements in share capital, retained earnings and other reserves are to be presented in the notes to accounts.	The statement of changes in equity includes the following information: - i. total comprehensive income for the period; - ii. the effects on each component of equity of retrospective application or retrospective restatement in accordance with IND (AS) 8; and iii. For each component of equity, a reconciliation between the opening and closing balances, separately disclosing each change.
3	IND (AS) 1 Presentation of Financial Statements	Extraordinary items:	Extraordinary items are disclosed separately in the statement of profit and loss and are included in	Presentation of any items of income or expense as extraordinary is prohibited.

S. No.	IND(AS) No.	Particulars	Treatment as per Indian GAAP	Treatment as per IND (AS)
			the determination of net profit or loss for the period. Items of income or expense to be disclosed as extraordinary should be distinct from the ordinary activities and are determined by the nature of the event or transaction in relation to the business ordinarily carried out by an entity.	
4	IND (AS) 1 Presentation of Financial Statements	Reclassification	Under Indian GAAP, a disclosure is made in financial statements that comparative amounts have been reclassified to conform to the presentation in the current period without additional disclosures for the nature, amount and reason for reclassification.	IND (AS) requires, when comparative amounts are reclassified, the nature, amount and reason for reclassification to be disclosed.
5	IND (AS) 8 Accounting Policies, Changes in Accounting Estimates and Errors	Change in Accounting Policies:	Under Indian GAAP, Changes in accounting policies should be made only if it is required by statute, for compliance with an Accounting Standard or for a more appropriate presentation of the financial statements on a prospective basis together with a disclosure of the impact of the same, if material. If a change in the accounting policy is expected to have a material effect in the later periods, the same should be appropriately disclosed. However, change in depreciation method, though considered a change in accounting policy, is given retrospective effect.	IND (AS) 1 requires retrospective application of changes in accounting policies by adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts for each period presented as if the new accounting policy had always been applied, unless transitional provisions of an accounting standard require otherwise.
6	IND (AS) 8 Accounting Policies, Changes in Accounting Estimates and Errors	Errors:	Prior period items are included in determination of net profit or loss of the period in which the error pertaining to a prior period is discovered and are separately disclosed in the statement of profit and loss in a manner that the impact on current profit or loss can be perceived.	Material prior period errors are corrected retrospectively by restating the comparative amounts for prior periods presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening balance sheet.
7	IND (AS) 10 Events after reporting Period	Dividend	Schedule III requires disclosure of proposed dividends in the notes to accounts. However, as per the requirements of AS 4, which override the provisions of Schedule III, dividends stated to be in respect of the period covered by the financial statements, which are proposed or declared after the balance sheet date but before approval of the financial statements will have to be recorded as a provision. Further, as per recent amendment in Accounting Standards 4, dividends declared subsequent to the balance sheet are to be	Liability for dividends declared to holders of equity instruments are recognised in the period when declared. It is a non-adjusting event, which is an event after the reporting period that is indicative of a condition that arose after the end of the reporting period.

S. No.	IND(AS) No.	Particulars	Treatment as per Indian GAAP	Treatment as per IND (AS)
			considered as a non-adjusting event, which is similar to the IND (AS) requirement.	
8	IND (AS) 12 Income taxes	Deferred taxes	Under Indian GAAP, the Company determines deferred tax to be recognized in the financial statements with reference to the income statement approach i.e. with reference to the timing differences between profit offered for income taxes and profit as per the financial statements.	As per IND (AS) 12 Income Taxes, deferred tax is determined with reference to the balance sheet approach i.e. based on the differences between carrying value of the assets/ liabilities and their respective tax base.
10	IND (AS) 16 Property, Plant & Equipment	Depreciation	Property, plant and equipment are not required to be componentized as per AS-10. However, companies Act requires the company to adopt component accounting. The Companies Act, 2013 sets out the estimated useful lives of assets based on the nature of the asset and the useful life used for depreciation ordinarily should not differ from the useful life specified in the Companies Act 2013. However a different useful life may be used based on technical analysis and requires disclosure in financial statements. Further, as per recent amendment in Accounting Standards 10, the standard is made in line with the requirements of IND (AS).	Property, plant and equipment are componentized and are depreciated separately. There is no concept of minimum statutory depreciation under IND (AS).
11	IND (AS) 17 Leases:	Interest in leasehold land	Interests in leasehold land are recorded and classified as a fixed asset. All actuarial gains and losses are recognised immediately in the statement of profit and loss.	Interests in leasehold land are recorded and classified as operating leases or finance leases as per set definition and classification criteria. An important consideration is that the land has an indefinite economic life.
12	IND (AS) 19 Employee Benefits	Actuarial Gain & losses	All actuarial gains and losses are recognized immediately in the statement of profit and loss.	Actuarial gains and losses are recognised immediately in Other Comprehensive Income, and will ultimately effect Equity through transfer to reserves.
	IND (AS) 19 Employee Benefits	Detailed actuarial valuation	The detailed actuarial valuation of the present value of defined benefit obligations may be made at intervals not exceeding three years. The fair value of any plan assets is determined at each balance sheet	Plan obligation and assets are to be determined as of each balance sheet date. Use of qualified actuary encouraged, but not required.
13	IND (AS) 21 The Effects of changes in Foreign Exchange Rates:	Functional and presentation currency Translation of foreign subsidiaries operations	Foreign currency is a currency other than the reporting currency which is the currency in which financial statements are presented. There is no concept of functional currency. Under Indian GAAP, the translation of financial statements of a foreign operation to the reporting	Functional currency is the currency of the primary economic environment in which the entity operates. Foreign currency is a currency other than the functional currency. Presentation currency is the currency in which the financial statements are presented. Under IND (AS),



S. No.	IND(AS) No.	Particulars	Treatment as per Indian GAAP	Treatment as per IND (AS)
			<p>currency of the parent / investor depends on the classification of that operation as integral or non-integral. In the case of an integral foreign operation, monetary assets are translated at closing rate. Non-monetary items are translated at historical rate if they are valued at cost. Non-monetary items which are carried at fair value or other similar valuation are reported using the exchange rates that existed when the values were determined. Income and expense items are translated at historical / average rate. Exchange differences are taken to the statement of profit and loss. For non-integral foreign operations, closing assets and liabilities are to be translated at closing rate while profit and loss account items are translated at actual/average rates). The resulting exchange difference is taken to reserve and is recycled to profit and loss on the disposal of the non-integral foreign operation.</p>	<p>assets and liabilities should be translated from the functional currency to the presentation currency at the closing rate at the date of the statement of financial position, income and expenses at actual/average rates for the period; exchange differences are recognized in other comprehensive income and accumulated in a separate component of equity. These are reclassified from equity to profit or loss (as a reclassification adjustment) when the gain or loss on disposal is recognized. Treatment of disposal depends on whether control is lost or not. Thus, if control is lost, the exchange difference attributable to the parent is reclassified to profit or loss from foreign currency translation reserve in other comprehensive income</p>
14	IND (AS) 32 Financial Instrument - Presentation & IND (AS) 109 Financial Instruments	Classification of Equity and Financial Liabilities	<p>Under Indian GAAP, financial instruments are classified as a liability or equity based on legal form. Redeemable preference shares will be classified as equity. Preference dividends are always recognized similar to equity dividends and are not treated as interest expense.</p>	<p>Under IND (AS), financial instruments are classified as a liability or equity according to the substance of the contractual arrangement (and not its legal form) and the definitions of financial liabilities and equity instruments. Dividends on financial instruments classified as financial liability are recognised as an interest expense in the statement of profit or loss and other comprehensive income. Hence if preference shares meet the definition of financial liability, the dividend is treated as an interest expense</p>

S. No.	IND(AS) No.	Particulars	Treatment as per Indian GAAP	Treatment as per IND (AS)
15	IND (AS) 37 Provisions, Contingent Liabilities and Contingent Assets	Contingent Liabilities and Contingent Assets	Discounting of liabilities is not permitted and provisions are carried at their full values.	When the effect of time value of money is material, the amount of provision is the present value of the expenditure expected to be required to settle the obligation. The discount rate is a pre-tax rate that reflects the current market assessment of the time value of money and risks specific to the liability. Under IND (AS), operating segments are identified based on the financial information that is regularly reviewed by the chief operating decision-maker (CODM) in deciding how to allocate resources and in assessing performance. When provision is recognized at present value, unwinding of discount will result in additional finance cost over the period.
16	IND (AS) 103 Accounting acquisitions: Business combinations		As per Indian GAAP, amalgamations in the nature of purchase are accounted for by recording the identifiable assets and liabilities of the acquiree either at the fair values or at book values. Amalgamations in the nature of merger are accounted under the pooling of interests. Identifiable assets and liabilities of subsidiaries acquired by purchase of shares which are not amalgamations are recorded in the consolidated financial statements at the subsidiary's financial statements on the date of acquisition.	Under IND (AS), business combinations, other than those between entities under common control, are accounted for using the purchase method, wherein fair values of identifiable assets and liabilities of the acquiree are recognized (with very limited exceptions). Business combinations between entities under common control should be accounted for using the 'pooling of interests' method.
17	IND (AS) 103 Accounting acquisitions: Business combinations		Goodwill arising on amalgamation in nature of purchase is amortized to the statement of profit and loss over a period not exceeding five years. In case of amalgamation in nature of merger, excess consideration over net assets taken over is adjusted against the revenue reserves. After initial recognition, the acquirer will measure goodwill acquired in a business combination at cost less accumulated amortization, if any, and accumulated impairment losses.	At the acquisition date, Goodwill will be measured at cost of acquisition plus amount of non-controlling interest plus if business combination is achieved in stages, the acquisition date fair value of previous equity interest in the acquiree less net acquisition-date amount of assets acquired and liabilities assumed. After initial recognition, the acquirer will measure goodwill acquired in a business combination at cost less any accumulated impairment losses. Goodwill amortization is prohibited.
18	IND (AS) 108 Determination of Segments		Under Indian GAAP, companies are to identify two sets of segments (business and geographical), using a risks and rewards approach, with the company's system of internal financial reporting to key	Under IND (AS), operating segments are identified based on the financial information that is regularly reviewed by the chief that is regularly reviewed by the chief operating decision-

S. No.	IND(AS) No.	Particulars	Treatment as per Indian GAAP	Treatment as per IND (AS)
			management personnel serving only as the starting point for the identification of such segments.	maker (CODM) in assessing performance.
19	IND (AS) 109 Financial Instruments	Premium on forward contracts	Forward exchange contracts not intended for trading or speculation purposes: 1) Any premium or discount arising at the inception of a forward exchange contract is amortised as expense or income over the life of the contract. 2) Exchange differences on such a contract are recognised in the statement of profit and loss in the reporting period in which the exchange rates change. Exchange difference on a forward exchange contract is the difference between a) the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period, and; b) the same foreign currency amount translated at the latter of the date of inception of the forward exchange contract and the last reporting date. Forward exchange contract intended for trading or speculation purposes: The premium or discount on the contract is ignored and at each balance sheet date, the value of the contract is marked to its current market value and the gain or loss on the contract is recognized.	Under IND (AS), forward contracts and underlying instrument are accounted separately. Under IND (AS) 109, changes in the fair value of the derivative hedging instrument that are designated as "Cash flow hedges" are recognized under Other Comprehensive Income and held in hedging reserve (net of taxes) to the extent the hedges are effective To the extent that the hedges are ineffective, changes in fair value are recognized in the statement of income and reported within foreign exchange gains/(losses), net. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument is recognized in hedging reserve until the period the hedge was effective remains in hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the hedging reserve is transferred to the statement of income upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, such cumulative balance is immediately recognized in the statement of income.  Changes in fair value of foreign currency derivative instruments not designated as cash flow hedges have to be recognized in the statement of income and reported within foreign exchange gains/(losses), net. The premium paid/received on a foreign currency forward contract designated as cash flow hedge is not recognized in either the statement of income or the balance sheet.
20	IND (AS) 109 Financial Instruments	Financial Assets	Financial assets are not defined in Indian GAAP and no specific guidance is provided.	All financial assets are classified as measured at amortized cost or measured at fair value through profit and loss or

S. No.	IND(AS) No.	Particulars	Treatment as per Indian GAAP	Treatment as per IND (AS)
				fair value through other comprehensive income.
21	IND (AS) 109 Financial Instruments	Financial Liabilities	Financial liabilities are not defined in Indian GAAP and no specific guidance is provided.	Financial liabilities held for trading are subsequently measured at fair value through profit and loss and all other financial liabilities are measured at amortised cost using the effective interest method.
22	IND (AS) 109 Financial Instruments	Loan processing fees & Corporate Guarantee	Loan processing fees is charged to profit & loss account as and when paid. Guarantee commitments are recognised on the date entity becomes party to irrevocable commitment.	Loan processing fees are amortised on a straight line basis over the period of loan. Guarantee commitments are recognised on the date entity becomes party to irrevocable commitment. At each reporting date the entity shall measure the loss allowance for a financial instrument/Guarantee at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If credit risk is not significantly increased since initial recognition, it shall measure the loss allowance for that financial instrument /Guarantee at an amount equal to 12-month expected credit losses.
23	IND (AS) 110 Consolidated Financial statement	Control	For purpose of Consolidation, an entity may be treated as controlled, if it has control over the governing body of that entity or other through majority in voting power.	Under IND (AS) 110, the definition of “control” is based on economic substance rather than form and an entity can obtain control over the other entity without holding more than one-half of the voting power of the other entity and without having control of the composition of the board of directors.
24	IND (AS) 110 Consolidated Financial statement	Presentation of profit or loss attributable to non-controlling interests (minority interests):	Profit or loss attributable to minority interests is disclosed as deduction from the profit or loss for the period as an item of income or expense	Profit or loss attributable to non-controlling interests and equity holders of the parent are disclosed in the statement of profit or loss and Other comprehensive income as allocation of profit or loss and total comprehensive income for the period.
25	IND (AS) 110 Consolidated Financial statement	Accounting policy within Group	As per Indian GAAP, if it is not practicable to use uniform accounting policy during consolidation, changes and summary of differences are to be provided.	As per IND (AS), uniform accounting policy is to be followed during consolidation, without exception, other than in case of associates.

**Equity and Profit reconciliation statement for certain transactions having IND (AS) impact:**

**1. Equity reconciliation as on March 31, 2016.**

	Standalone	(INR - Million) Consolidated
<b>Transaction having impact of IND AS</b>		
<b>As per Indian GAAP</b>	<b>8,646.23</b>	<b>11,792.96</b>
<b><u>IND (AS) impact</u></b>		
Gain or Loss on fair valuation of investment in Equity shares of non group entity	-	0.06
Preference Shares in D'damas recognised as liability - Financial Liability	-	20.37
Gain or Loss on fair valuation of outstanding forward contracts	-	1.15
Fair valuation of land / building considered as deemed cost on transition to IND (AS)	-	276.96
Depreciation on cost of land / building (Fair value as deemed cost on transition)	-	-7.08
Discounting impact of share warrants, re classified to long term borrowing	0.24	0.24
Deferred Tax	-	-100.09
<b>Total</b>	<b>0.24</b>	<b>191.61</b>
<b>Equity as per IND (AS) as on March 31, 2016</b>	<b>8,646.47</b>	<b>11,984.57</b>

**2. Profit reconciliation for six months period ended September 30, 2016**

	Standalone	(INR - Million) Consolidated
<b>Transaction having impact of IND (AS)</b>		
<b>As per Indian GAAP</b>	<b>23.82</b>	<b>734.46</b>
Preference Shares in D'damas recognised as liability - Financial Asset	-	-7.87
Gain or Loss on fair valuation of investment in Equity shares of non group entity	-	0.00
Gain or Loss on fair valuation of Outstanding Forward Contracts	-	-1.47
Depreciation on cost of land / building (Fair value as deemed cost on transition)	-	-3.42
Discounting of Long Term Borrowing	-0.24	-0.24
Deferred Tax	-	2.53
<b>Total</b>	<b>-0.24</b>	<b>-10.46</b>
<b>* Profit as per IND (AS) as on September 30, 2016</b>	<b>23.58</b>	<b>724.00</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion of our financial condition and results of operations should be read in conjunction with our restated financial statements as of and for the years ended March 31, 2016, 2015 and 2014 and the six months ended September 30, 2015 and the six month period ended September 30, 2016 prepared in accordance with the Companies Act and Indian GAAP and restated in accordance with the SEBI ICDR Regulations, including the schedules, annexures and notes thereto and the reports thereon, included in "Financial Statements" on page 184.*

*Our audited consolidated financial statements are prepared in accordance with Indian GAAP, which differs in certain material respects with IND (AS). Our fiscal ends on March 31 of each year. Accordingly, all references to a particular Fiscal are to the 12-month period ended March 31 of that year. We have not attempted to quantify the impact of IND (AS) on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those under IND (AS). 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 the SEBI ICDR 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 "Risk Factors" and "Forward-Looking Statements" on pages 18 and 16, respectively.*

*Further, our Company is required to prepare annual and interim financial statements under IND (AS) commencing from April 1, 2017. See "Risk Factors – Our Company, will be required to prepare financial statements under IND (AS). The transition to IND (AS) in India is very recent and there is no clarity on the impact of such transition on our Company" and "Summary of Significant Differences between Indian GAAP and IND (AS)" on pages 32 and 285, respectively, of this Draft Red Herring Prospectus.*








### Overview

We are an established pan-India player in the organized jewellery market in India, according to the CARE Report. We are an integrated player with a focus on manufacture and distribution of branded studded jewellery, gold jewellery and other jewellery products in India and overseas. We offer a wide range of branded jewellery, across various price points and tailored for different occasions and target customers, under the brands Nakshatra, Gili, Asmi, Sangini, Diya, Parineeta and Rivaaz. Each of our brands has been uniquely positioned to appeal to our diverse customer base.

As of September 30, 2016, our distribution network spread across 290 cities and towns in India, with more than 1,644 POS, through our distributors, 329 SIS and 61 stores, which includes 49 franchisee operated stores and 12 stores which are owned and operated by us. We also have 890 overseas POS located across China, Singapore, Thailand, Malaysia, Indonesia, United Arab Emirates, Saudi Arabia and Qatar. We also export studded and gold jewellery to international distributors in Dubai and Hong Kong, for distribution to retailers, including in Singapore, Indonesia, Malaysia, Thailand, United Arab Emirates, Saudi Arabia and Qatar. In terms of our geographic spread across India, we have a strong presence in the eastern and western parts of India, with 39% of our POS being located in the eastern region (comprising cities and towns such as Kolkata, Patna, Ranchi, Cuttack, Guwahati, Gaya and Siliguri) while 35% of our POS are located in the western region (comprising cities and towns such as Mumbai, Aurangabad, Nagpur, Jaipur, Bikaner and Solapur). Given the size, diversity and nature of the Indian jewellery market, we have created an omni-channel distribution network, across company owned stores, franchisees, retailers, through distributors, SIS in departmental stores, airports, malls and other high footfall areas. In addition to the sale of jewellery through our distributors, SIS and stores, we also sell gold and diamond jewellery through digital channels and online sales on our website and through other aggregators.

We have eight manufacturing units, two located in Mumbai, one in Jaipur, one in Surat and four in Hyderabad, with our manufacturing units at Hyderabad and Surat being located in SEZs. To support our distribution network, we have an in-house design team. We have a total design bank of 12,868 active SKUs, of which approximately 4,000 new designs are churned every year by our in-house design team. We provide quality certificates, issued by independent valuers, on all our jewellery.

The following table illustrates our brands and their design concepts, in terms of styling, from classic to fashion brands:

Brand/ Logo	Design Concept
	Play of seven stone cluster, with or without colour stones.
	Low-weight classic and contemporary designs.
	Play of curves, which symbolizes the fire within, in more modern designs.
	Mainly traditional designs.
	Heavy pieces that are a unique blend of ‘conventional’ and ‘contemporary’ designs, crafted intricately.
	White sapphires with coloured stones exquisitely crafted in gold.
	The brand offers unique and delicate designs with an impeccable finish and a high wearable quotient in fashion jewellery.

We acquired the brands ‘Gili’, ‘Nakshatra’, ‘Asmi’, ‘Sangini’, and ‘Parineeta’ in 2011, and ‘Diya’ in 2016. Various celebrities such as Lara Dutta, Ankita Shorey and Mahesh Bhupathi are brand ambassadors for our brands.

We are promoted by Mr. Mehul Choksi and GGL. GGL, the flagship company of the Gitanjali group, is a leading integrated jewellery manufacturing and retailing player that was established in 1986. GGL has been listed on the Indian stock exchanges since 2006. The Gili brand was launched in 1994 and was introduced in Shoppers Stop, as a modern retail outlet (i.e., an exclusive SIS store) in a departmental store in the same year. Due to the success of the branded jewellery concept in India, the Gitanjali group in collaboration with The Diamond Trading Company Limited (“DTC”), the marketing arm of De Beers S.A., launched three brands i.e., Nakshatra in 2000, Asmi in 2002 and Sangini in 2004, to promote diamond jewellery in India. Between 2006 and 2008, the Gitanjali group acquired these brands from DTC and further invested in their brand building and distribution network.

As a result of our customer-focused initiatives, our business has grown significantly in recent years. Our revenue from operations recorded in Fiscal 2014, 2015 and 2016 and the six months ended September 30, 2016 aggregated to ₹ 36,365.99 million, ₹ 45,483.40 million, ₹ 59,843.08 million and ₹ 40,000.69 million, respectively. Our net profit before minority interest was ₹ 153.65 million, ₹ 162.22 million, ₹ 800.25 million and ₹ 736.76 million, respectively, for the same period. Our revenue from operations has increased at a CAGR of 28.28% from ₹ 36,365.99 million in Fiscal 2014 to ₹ 59,843.08 million in Fiscal 2016, and our net profit before minority interest has increased at a CAGR of 128.22% from ₹ 153.65 million in Fiscal 2014 to ₹ 800.25 million in Fiscal 2016, respectively, for the same period. In Fiscal 2014, 2015 and 2016 and the six months ended September 30, 2016, our revenue from jewellery exported accounted for 21.92%, 27.60%, 46.65% and 62.07%, respectively, of our total revenue from operations.



## **Significant Factors Affecting our Results of Operations**

We believe that the following factors have significantly affected our results of operations and financial condition during the periods under review, and may continue to affect our results of operations and financial condition in the future:

### ***Distribution Network and Inventory Management***

We have an extensive distribution network across India and overseas, which is designed to be more scalable and more cost-efficient, including SIS stores, franchised stores and our company owned and operated stores. We follow the distribution model wherein we appoint regional distributors who supply branded jewellery manufactured by us to local retailers in their respective regions. This model has allowed us to expand across India and cater to a large customer base. As of September 30, 2016, our distribution network spread across 290 cities and towns in India, with more than 1,644 POS, through our distributors, 329 SIS and 61 stores, which includes 49 franchisee operated stores and 12 stores which are owned and operated by us. We also have 890 overseas POS located across China, Singapore, Thailand, Malaysia, Indonesia, United Arab Emirates, Saudi Arabia and Qatar. We also export studded and gold jewellery to international distributors in Dubai and Hong Kong, for distribution to retailers, including in Singapore, Indonesia, Malaysia, Thailand, United Arab Emirates, Saudi Arabia and Qatar.

Maintaining appropriate levels of inventory is one of our significant operating costs and is critical to our overall profitability. An increase in the inventory will increase our operating cost. As we increase our distribution network, we will need to maintain higher inventory of jewellery. In order to maintain adequate inventory, our working capital may increase substantially, thereby impacting our leverage and thus reducing our profits. We maintain appropriate levels of inventory with our distributors and franchisee which is also critical to our overall profitability. Under the terms of our distribution and franchise agreements, our distributors and franchisees typically have certain obligations such as minimum purchase, deposit and guarantee obligations, to ensure efficient inventory management. For example, our distributors are required to pay us a specified percentage of the price of the jewellery as an advance at the time of placing the order and the remaining amount is payable within four to six months. Similarly, our franchisees are required to maintain a trade deposit on the basis of which we provide our jewellery to our franchisees. Further, we have return and buy-back policies, pursuant to we buy back unsold inventory from our distributors and franchisees after deducting a fixed percentage of the invoice value, as specified under the distribution agreements and the franchise agreements. However, such liquidation of our inventory may impact our margins.

### ***Availability and Price of Gold and Diamonds***

We purchase diamonds, gold and other raw materials such as precious and semi-precious gemstones, silver and platinum for the manufacture of jewellery. We source our diamonds primarily from our Promoter, GGL while gold used in our manufacturing operations, is sourced from a number of nominated banks and bullion companies in India. We also purchase small quantities of finished jewellery products such as silver made-ups and gift articles for resale. In fiscals 2014, 2015 and 2016 and the six months ended September 30, 2016, we have expended ₹ 7,119.79 million, ₹ 10,795.46 million, ₹ 4,795.54 million and ₹ 2,420.33 million, respectively, for procurement of diamonds. In Fiscals 2014, 2015 and 2016 and the six months ended September 30, 2016, we have expended ₹ 24,575.56 million, ₹ 35,394.64 million, ₹ 62,138.50 million and ₹ 37,602.47 million, respectively, for the purchase of jewellery products from other manufacturers.

Our results of operations are significantly affected by changes in the prices of gold and diamonds. Fluctuations in the price of gold and diamond may affect our results of operations in various ways. A decrease in the market price of diamonds or gold would adversely affect our ability to recover the cost incurred in procuring the same while an increase in the price of diamonds or gold may result in an increase in our income from sales assuming such increases do not adversely affect our sales volumes. However, a significant increase in the price of diamonds or gold could lead to a decrease in demand for our jewellery and/or a decrease in our profit margins as a result of lower demand. Further, the effect of a change in the market price of gold or diamonds on our results of operations is also dependent upon the hedging mechanisms that we may consider entering into if gold prices cross certain internally determined thresholds.



### ***Working Capital Requirements***

Our business requires a substantial amount of working capital, primarily to finance our inventory and debtors. As of February 27, 2017, we had outstanding indebtedness of ₹ 17,736.72 million, all of which was subject to floating interest rates. Any fluctuations in interest rates may directly impact the interest costs of such loans and, in particular, any increase in interest rates could adversely affect our results of operations. The RBI has increased the rates of interest on various occasions which led to an increase in our interest costs. Further, our indebtedness means that a material portion of our expected cash flow may be required to be dedicated to the payment of interest on our indebtedness, thereby reducing the funds available to us for use in our general business operations. In addition, our existing level of indebtedness may also restrict our ability to obtain additional financing for capital expenditures, expansions or general corporate purposes and may cause us to be particularly vulnerable during any general economic downturn. The success of our business is dependent on our ability to obtain and maintain sufficient cash flow, credit facilities and other sources of funding.

### ***Consumer Preferences***

To compete successfully in our business, we must be able to identify and respond to changing consumer demands and preferences. If we fail to anticipate and meet industry trends and our products do not meet customers' preferences, our results of operations will be adversely affected. In addition, customer demographics and design preferences vary in our different markets across India and internationally, and our market share and results of operations is also dependent on our ability to develop attractive designs catering to various customer preferences. Hence, all our designs will not have comparable demand across all of our regions. As a result, our market share is also determined by our ability to create designs that conform to the significantly different preferences our customers across different regions.

### ***Seasonality***

Our sales have historically exhibited certain seasonal fluctuations, reflecting higher sales volumes and profit margins during festivals and other occasions such as Durga Puja, Dussera, Dhanteras, Diwali, Valentines Day and Christmas. Historically, sales in the third quarter and fourth quarter of each fiscal have typically been higher than the first quarter and second quarter of such fiscal year. We stock inventory to account for this seasonality, while our operating costs are relatively constant throughout the year. Consequently, lower than expected net sales during any third or fourth quarters or more pronounced seasonal variations in sales in the future could have a disproportionate impact on our operating results for the year, or could strain our resources and impair cash flows. Additionally, we run a promotional offers such as “Rain and Shine” between June and August and festive offers during Dussera, KarwaChauth, Dhanteras, Diwali and Valentines Day, which may lower our profitability in other quarters if we are not able to offset such discount through our sales volume. Any slowdown in demand for our jewellery during peak season or failure by us to accurately foresee and prepare for such seasonal fluctuations could have a material adverse effect on our business, financial condition and results of operations.

### ***General Economic Conditions***

The market for jewellery has historically been subject to cyclical variations, recessions or slowdown in the general economy and uncertainties regarding future economic prospects that affect consumer spending habits.

In the event that the disposable income and purchasing power of our customers is adversely impacted, our results of operation and financial conditions may be correspondingly impacted. We believe that the success of our operations depend on a number of factors impacting discretionary consumer spending, including general economic conditions, consumer confidence, income levels, consumer debt, interest rates, availability of credit, taxation and political conditions. Any reduction in consumer spending or disposable income or adverse economic conditions or perception thereof may affect us significantly.

We are also impacted by the fluctuations in the exchange rate between Indian Rupee and certain foreign currencies. Our financial statements are presented in Indian Rupee, however, our revenues are influenced by currencies of those countries where we export our jewellery. In Fiscal 2016, 2015 and 2014 and the six months ended September 30, 2016, our revenue from jewellery exported accounted for 46.65%, 27.60%, 21.92% and 62.07%, respectively, of our total revenue from operations.

The exchange rate between the Indian Rupee and these currencies has fluctuated in the past and our results of operations have been impacted by such fluctuations and may be impacted by such fluctuations in the future. Volatility in the exchange rate and/or sustained depreciation of the Indian Rupee against other currencies will negatively affect our revenue and operating results.

### ***Regulatory Changes***

Taxes and other levies imposed by the Central Government or State Governments in India that affect our industry include customs duties, excise duties, sales tax, income tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time. For example, in August 2013, the RBI mandated that supply of gold in any form to the domestic users (including entities engaged in the jewellery business) should be against full payment being made upfront. Similarly, the RBI imposed a requirement that one fifth (or 20%) of every lot of import of gold imported to the country to be exclusively made available for the purpose of exports and the balance for domestic use (the “**20:80 Scheme**”). In May 2014, the RBI permitted nominated banks, to give gold metal loans to domestic jewellery manufacturers out of the eligible domestic import quota of 80% to the extent of gold metal loans outstanding in their books as on March 31, 2013 and the 20:80 Scheme for import of gold was withdrawn on November 28, 2014. Although these restrictions have now been removed, such restrictions have a direct impact on our business.

Further, as per the budget 2016-17, an excise of duty of 1% without input tax credit and 12.5% with input tax credit has been imposed on articles of jewellery with the exception of silver jewellery. However, CBEC by a subsequent has clarified that only if the turnover of a jeweller during the preceding financial year was more than ₹ 120 million, he will be liable to pay the excise duty.

We may also be impacted by changes in tax rules and regulations imposed by the Government of India or other state governments. For instance, the Indian parliament has recently approved the adoption of GST, which may result in an increase in the working capital, since transactions, including stock transfers will be subjected to GST.

### **Significant Accounting Policies**

#### ***Basis of preparation of financial statements***

The restated consolidated financial statements are prepared from the audited financials for the years ended March 31, 2012 to March 31, 2016 in accordance with the requirements of section 26 of the Companies Act 2013 read with Companies (Prospectus and Allotment of Securities) Rule 2014, and the requirements of the Securities and Exchange Board of India (Issue of capital and Disclosure Requirements) Regulation, 2009 as amended.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard or a more appropriate presentation of the financial statements requires a change in the accounting policy hitherto in use.

#### ***Principles of consolidation***

- a. The Consolidated Financial Statements include the financial statements of our Company and our Subsidiaries, which are more than 50% owned and controlled. All material inter-company accounts and transactions are eliminated on consolidation;
- b. The difference between the cost of investment and net worth at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as goodwill or capital reserve, as the case may be and in case of merger of the subsidiaries per the order of the high court, consolidation has been done based on purchase method. Accordingly, difference between cost and net worth on appointed date is recognized as goodwill or capital reserve, as the case may be. In case of goodwill, it is tested for impairment annually. In case where loss is in excess of the minority interest in the equity of the subsidiary, it is adjusted against the majority interest; and
- c. Share of minority interest in the net profit is adjusted against the income to arrive at the net income attributable to shareholders. Minority interest's share of net assets is presented separately in the balance sheet.

As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as our Company's separate financial statements.

#### ***Use of Estimates***

The preparation of Consolidated Financial Statements, in conformity with the Generally Accepted Accounting Principles, requires estimates and assumptions to be made that affects the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognized in the period in which the results are known / materialized.

#### ***Revenue Recognition***

- a. Revenue on sale of products are recognized when the risk and rewards of ownership are passed onto the customers, which is generally on dispatch of goods. Sales are stated net of returns and net of sales tax and other taxes as applicable;
- b. Revenue is recognized only when it is reasonably certain that the ultimate collection will be made; and
- c. Interest income is recognized when it is rationally certain of recovery and on time basis taking into account the amount outstanding and rate applicable. Interest is shown as net of interest expense.

#### ***Fixed Assets and Intangibles***

Fixed assets are recorded at cost of acquisition inclusive of freight, duties and taxes and incidental expenses related to acquisition. Expenditure incurred during construction period has been added to the cost of assets. In case of intangibles viz, trademarks and customer relationships, the same has been amortized by the foreign subsidiaries as per its accounting policy.

#### ***Leases***

Assets taken on lease on or after April 1, 2001 are accounted for as Fixed Assets in accordance with Accounting Standard (AS) 19 on "Leases".

- a. Finance lease

Assets taken on finance lease, including taken on hire purchase arrangements, wherein our Company has an option to acquire the asset, are accounted as fixed assets in accordance with the AS 19 on "Leases".

- b. Operating lease

Assets taken on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognized as expenses on accrual basis in accordance with the respective lease agreements.

- c. The costs of improvements to leased properties are capitalized and disclosed appropriately.

#### ***Impairment of Fixed Assets***

The management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. An asset is treated as impaired when the carrying amount of assets exceeds its recoverable value in accordance with AS 28. An impairment loss is determined by each company and charged to the respective profit and loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

### ***Depreciation and Amortization of Fixed Assets***

Depreciation on fixed assets is provided on the written down value method over the useful lives of the assets, as prescribed under Schedule II of the Companies Act 2013 with effect from April 1, 2014. The expenditure incurred on improvement to leasehold premises is written off evenly over the period of the lease.

### ***Investments***

Long – term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management. Investments in properties are subject to depreciation in accordance with the applicable local laws. Current investments, if any, are valued at lower of cost and market value. Cost of investments include acquisition charges such as brokerage, fees and duties.

### ***Borrowing Costs***

Borrowing costs attributable to the acquisition or construction of qualifying asset are capitalized as part of the cost of asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

### ***Foreign Currency Transactions***

Transactions in foreign currency are recorded at the rate prevailing on the date of transactions. Foreign currency assets except investments and liabilities other than for financing fixed assets are stated at the rate of exchange prevailing at the date of balance sheet and resultant gains/losses are charged to the statement of profit and loss. Premium or discount in respect of forward foreign exchange contracts is amortized as expense or income over the life of the contracts. Any profit or loss arising on cancellation or renewal of such forward contract is recognized as income or expense for the period. Exchange differences arising on settlement or restatement of foreign currency denominated liabilities relating to the acquisition of fixed asset are recognized in the statement of profit and loss.

### ***Inventories***

Inventories of raw materials, finished goods, rejections, trading goods and stores are valued as under:

Raw Material	Lower of cost and net realizable value
Rough Diamond Rejections	At net realizable value
Trading Goods	Lower of cost and net realizable value
Finished Goods — Polished Diamonds	Lower of cost and net realizable value
Work in progress — Jewellery	Lower of market value and material cost plus proportionate labour and overheads
Finished Goods — Jewellery	Lower of market value and material cost / estimated cost plus labour and overheads
Finished Goods — Gold	Lower of cost and market value
Consumable Stores & Tools	At cost

### ***Taxation***

Tax expense for the year comprises current income tax and deferred tax.

#### **a. Normal provisions**

We are eligible for tax incentive under the Indian taxation laws. These incentives presently include an exemption from payment of normal income tax for operation in special economic zones. The said income is liable to minimum alternate tax and such tax is eligible for set off as described in subsequent paragraph. The management estimates the provisions for current tax after considering such tax benefits.

Deferred tax is recognized, subject to prudence, on timing differences, being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognized for unabsorbed depreciation and carry forward losses to the extent there is virtual certainty that sufficient future taxable income will be available against which deferred tax assets can be realized. Deferred tax assets and liabilities are offset if such items relate to taxes on income

levied by the same governing tax laws and we have a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

b. Minimum Alternate Tax (“MAT”) credit:

MAT is recognized as an asset only when and to the extent there is convincing evidence that we will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the guidance note issued by the ICAI, the said asset is created by way of a credit to the statement of profit and loss and is shown as MAT Credit Entitlement. We review the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect we will pay normal income tax during the specified period.

***Employee Benefit***

We account for the gratuity benefits payable in future based on independent actuarial valuation. The liability is not funded except in the case of one subsidiary, where the liability is funded. We follow different assumptions as such the compilation would become unwieldy and for the sake of brevity details are not included in the consolidated financial statements.

We account for the liability towards leave salary on the basis of year end actuarial valuations applying the projected unit credit method done by an independent actuary. The actuarial gains or losses determined by the actuary are recognized in the statement of profit and loss as income or expense.

Contributions payable by our us to the concerned government authorities in respect of provident fund, family pension fund and employees state insurance are charged to our statement of profit and loss.

***Segment Reporting***

Our entire operations represent a single primary segment. We operate in India as well as abroad. The secondary segmental reporting (in terms of exports) is on the basis of the geographical location of our customers.

***Cash flow Statement***

Cash flows are reported using indirect methods as set out in Accounting Standard (AS) – “Cash Flow Statement”, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Cash comprises cash at bank and in hand and demand deposits with banks. Cash equivalents are short term balances that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

***Earnings per Share***

Earnings per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders, by the weighted average number of equity shares outstanding during the period.

Dilutive EPS is calculated by dividing the net profit or loss for the period attributable to equity shareholders, by the weighted average number of equity shares considered for deriving the basic EPS and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential shares are deemed converted at the beginning of the year unless issued at later date.

***Provisions, Contingent Liabilities and Contingent Assets***

Contingent liabilities are not provided for and are disclosed by way of notes after careful evaluation by the management of the facts and legal aspects of the matters involved. Contingent assets are neither recognized nor disclosed in the financial statement.

## Summary Results of Operations

The following is a summary of our profit and loss account as per our restated audited financial statements for the periods indicated:

Particulars	Fiscal					
	2014		2015		2016	
	Amount	Percentage of Total Income	Amount	Percentage of Total Income	Amount	Percentage of Total Income
	(₹ in million)	%	(₹ in million)	%	(₹ in million)	%
<b>INCOME</b>						
Revenue from Operations	36,365.99	99.73%	45,483.40	98.34%	59,843.08	97.53%
Other Income	98.65	0.27%	768.69	1.66%	1,515.29	2.47%
<b>Total Income</b>	<b>36,464.64</b>	<b>100.00%</b>	<b>46,252.09</b>	<b>100.00%</b>	<b>61,358.37</b>	<b>100.00%</b>
<b>EXPENSES</b>						
Purchase of raw material and traded good	31,695.35	86.92%	46,190.10	99.87%	66,934.03	109.09%
Changes in inventories of raw material, finished good and stock-in trade	704.25	1.93%	(4,478.81)	(9.68)%	(9,572.10)	(15.60)%
Employee benefits expense	478.73	1.31%	341.50	0.74%	283.26	0.46%
	1,992.01	5.46%	2,180.18	4.71%	1,988.44	3.24%
Finance costs						
Depreciation and amortization expense	38.55	0.11%	51.85	0.11%	25.13	0.04%
Other expenses	1,403.75	3.85%	1,811.20	3.92%	824.60	1.34%
<b>Total Expenses</b>	<b>36,312.64</b>	<b>99.58%</b>	<b>46,096.02</b>	<b>99.66%</b>	<b>60,483.37</b>	<b>98.57%</b>
<b>Profit before exceptional and extraordinary items and tax</b>	<b>152.00</b>	<b>0.42%</b>	<b>156.07</b>	<b>0.34%</b>	<b>875.00</b>	<b>1.43%</b>
Exceptional items – profits/ (loss) on sale investments	0.00	0.00%	(0.51)	(0.00)%	(7.59)	(0.01)%
<b>Profit before tax</b>	<b>152.00</b>	<b>0.42%</b>	<b>155.56</b>	<b>0.34%</b>	<b>867.41</b>	<b>1.41%</b>
<b>Tax expense</b>						
Less: Current Tax	35.84	0.10%	35.40	0.08%	183.54	0.30%
Less: Tax Adjusted	(2.22)	(0.01)%	3.06	0.01%	63.27	0.10%
Add: Deferred Tax	(0.57)	(0.00)%	9.72	0.02%	(3.51)	(0.01)%
Add: MAT Credit	35.84	0.10%	35.40	0.08%	183.16	0.30%
<b>Profit/(Loss)after tax before adjustment for consolidation</b>	<b>153.65</b>	<b>0.42%</b>	<b>162.22</b>	<b>0.35%</b>	<b>800.25</b>	<b>1.30%</b>
<b>Less: Minority Interest</b>	<b>0.59</b>	<b>0.00%</b>	<b>4.79</b>	<b>0.01%</b>	<b>3.82</b>	<b>0.01%</b>
<b>Profit/(Loss) after tax after adjustment for consolidation</b>	<b>153.06</b>	<b>0.42%</b>	<b>157.43</b>	<b>0.34%</b>	<b>796.43</b>	<b>1.30%</b>

Particulars	Six month period ended September 30		Six month period ended September 30	
	2016		2015	
	Amount	Percentage of Total Income	Amount	Percentage of Total Income
	(₹ in million)	%	(₹ in million)	%
<b>INCOME</b>				
Revenue from Operations	40,000.69	98.48%	24,450.27	99.01%
Other Income	615.40	1.52%	245.72	0.99%

Particulars	Six month period ended September 30		Six month period ended September 30	
	2016		2015	
	Amount	Percentage of Total Income	Amount	Percentage of Total Income
	(₹ in million)	%	(₹ in million)	%
<b>Total Income</b>	40,616.09	100.00%	24,695.99	100.00%
<b>EXPENSES</b>				
Purchase of raw material and traded good	40,022.80	98.54%	30,047.41	121.67%
Changes in inventories of raw material, finished good and stock-in trade	(1,630.28)	(4.01)%	(7,314.56)	(29.62)%
Employee benefits expense	133.37	0.33%	146.37	0.59%
	827.65	2.04%	1,025.43	4.15%
Finance costs				
Depreciation and amortization expense	10.07	0.02%	11.61	0.05%
Other expenses	509.83	1.26%	270.90	1.10%
<b>Total Expenses</b>	39,873.44	98.17%	24,187.16	97.94%
	742.65	1.83%	508.83	2.06%
<b>Profit before exceptional and extraordinary items and tax</b>				
Exceptional items – profits/ (loss) on sale investments	0.00	0.00%	0.00	0.00%
<b>Profit before tax</b>	742.65	1.83%	508.83	2.06%
<b>Tax expense</b>				
Less: Current Tax	167.44	0.41%	104.61	0.42%
Less: Tax Adjusted				
Add: Deferred Tax	(2.23)	(0.01)%	(5.69)	(0.02)%
Add: MAT Credit	163.78	0.40%	98.97	0.40%
<b>Profit/(Loss)after tax before adjustment for consolidation</b>	736.76	1.81%	497.50	2.01%
Less: Minority Interest	2.30	0.01%	1.02	0.00%
<b>Profit/(Loss) after tax after adjustment for consolidation</b>	734.46	1.81%	496.48	2.01%

## Components of Income and Expenditure

### Income

Our income comprises income from operations and other income.

### Revenue from Operations

We are an integrated player with a focus on manufacture and distribution of branded studded jewellery, gold jewellery and other jewellery products in India and overseas. We offer a wide range of branded jewellery, across various price points and tailored for different occasions and target customers, under the brands Nakshatra, Gili, Asmi, Sangini, Diya, Parineeta and Rivaaz. We also export studded and gold jewellery to international distributors in UAE and Hong Kong, for distribution to retailers, including in Singapore, Indonesia, Malaysia, Thailand, United Arab Emirates, Saudi Arabia and Qatar.

The following table sets forth certain information relating to domestic and export sales by product type and as a percentage of total income for the periods indicated:



Particulars	Fiscal					
	2016		2015		2014	
	Amount	Percentage of Total Sales	Amount	Percentage of Total Sales	Amount	Percentage of Total Sales
	(₹ in million)	(%)	(₹ in million)	(%)	(₹ in million)	(%)
<b>Exports</b>						
Diamonds	186.38	0.31%	0.00	0.00%	0.00	0.00%
Jewellery & Others	27,916.00	46.65%	12,554.62	27.60%	7,971.07	21.92%
<b>Total Exports</b>	<b>28,102.38</b>	<b>46.96%</b>	<b>12,554.62</b>	<b>27.60%</b>	<b>7,971.07</b>	<b>21.92%</b>
<b>Domestic</b>						
Diamonds	2,534.93	4.24%	9,007.49	19.80%	827.98	2.28%
Jewellery & Others	29,205.77	48.80%	23,921.29	52.59%	27,566.94	75.80%
<b>Total Domestic Sales</b>	<b>31,740.70</b>	<b>53.04%</b>	<b>32,928.78</b>	<b>72.40%</b>	<b>28,394.92</b>	<b>78.08%</b>
<b>Total Sales</b>	<b>59,843.08</b>	<b>100.00%</b>	<b>45,483.40</b>	<b>100.00%</b>	<b>36,365.99</b>	<b>100.00%</b>

Particulars	Six month period ended September 30			
	2016		2015	
	Amount	Percentage of Total Sales	Amount	Percentage of Total Sales
	(₹ in million)	(%)	(₹ in million)	(%)
<b>Exports</b>				
Diamonds	217.19	0.54%	186.38	0.76%
Jewellery & Others	24,827.76	62.07%	13,598.60	55.62%
<b>Total Exports</b>	<b>25,044.95</b>	<b>62.61%</b>	<b>13,784.98</b>	<b>56.38%</b>
<b>Domestic</b>				
Diamonds	1,303.00	3.26%	989.49	4.05%
Jewellery & Others	13,652.74	34.13%	9,675.80	39.57%
<b>Total Domestic Sales</b>	<b>14,955.74</b>	<b>37.39%</b>	<b>10,665.29</b>	<b>43.62%</b>
<b>Total Sales</b>	<b>40,000.69</b>	<b>100.00%</b>	<b>24,450.27</b>	<b>100.00%</b>

#### Other Income

Other income primarily includes miscellaneous income, dividend, and exchange difference gain on foreign exchange fluctuations.

#### Expenditure

Our expenditure comprises (i) purchase of raw material and traded goods; (ii) changes in inventories of raw material; (iii) employee benefit expenses; (iv) finance costs; (v) depreciation and amortization expenses; and (vii) other expenses.

#### Purchase of raw material and traded goods

Our expenditure on purchase of raw material consumed includes the cost of gold, diamond and other raw materials used in the manufacture of jewellery by us in our manufacturing facilities.

Our expenditure on purchase of goods for resale represents the cost of finished jewellery, gold coins and other articles such as silver made-ups that we purchase in finished form from other jewellery manufacturers, for sale by us through our distribution and franchisee network.

Due to the nature of our business, at the time of purchase, we cannot determine whether the goods we purchase and record as opening stock will be used for further process or manufacture, or will be traded as finished goods.



Therefore, we do not record opening stock bifurcated into raw material and traded goods; rather, the following table sets forth certain information on our expenditure on purchase of diamonds and jewellery and other materials, in the periods indicated:

Particulars	Fiscal			Six month period ended September 30, 2016
	2014	2015	2016	
	(₹ in million)			
Diamonds	7,119.79	10,795.46	4,795.54	2,420.33
Jewellery and others	24,575.56	35,394.64	62,138.50	37,602.47
<b>Total</b>	<b>31,695.35</b>	<b>46,190.10</b>	<b>66,934.04</b>	<b>40,022.80</b>

#### *Changes in inventories*

As mentioned earlier, due to the nature of our business, at the time of purchase, we cannot determine whether the goods we purchase and record as opening stock will be used for further process or manufacture, or will be traded as finished goods. Therefore, we do not track change in inventory as the difference between our opening and closing stock, bifurcated between raw material and traded goods; rather, we track change in inventory in terms of changes in our closing stock of raw materials and finished/trading goods, compared from period to period.

However, the following table sets forth certain information on changes between our opening and closing stock of diamonds and jewellery and others, for the periods indicated:

Particulars	Fiscal			Six month period ended September 30, 2016
	2014	2015	2016	
	(₹ in million)			
Diamonds	(2,873.02)	79.00	784.83	283.49
Jewellery and others	3,577.27	(4,557.81)	(10,356.93)	(1,913.77)
<b>Total</b>	704.25	(4,478.81)	(9,572.10)	(1,630.28)

#### *Employee benefit expenses*

Employee cost comprises salaries, wages and bonus, contributions to provident and other funds and staff welfare payments.

#### *Finance Costs*

Finance charges comprise interest expense relating to our secured and unsecured loans as well as other bank charges for non-fund based facilities.

#### *Other Expenses*

Other expenses primarily include advertisement, selling and distribution expenses, labour charges, bank charges and commission, rental expenses, travel expenses, net loss on foreign currency translation, legal and professional expenses, insurance, and other miscellaneous expenses.

### **Year-on-Year Comparison**

The following discussion of our financial condition and results of operations should be read in conjunction with our Restated Consolidated Financial Statements as of and for Fiscals 2016, 2015 and 2014 and the six months ended September 30, 2016 and September 30, 2015 included elsewhere in this Draft Red Herring Prospectus.

#### **Fiscal 2015 compared to Fiscal 2016**

##### ***Revenue***

Our revenue from operations increased by ₹ 14,359.68 million, or 31.57 %, from ₹ 45,483.40 million in Fiscal 2015 to ₹ 59,843.08 million in Fiscal 2016, despite slowdown in the domestic market, on account of excise duty and jewellers' strike. This was primarily due to overseas expansion of our distribution network in UAE and Hong

Kong, for distribution to retailers, including in Singapore, Indonesia, Malaysia, Thailand, United Arab Emirates, Saudi Arabia and Qatar.

### **Revenue from operations**

#### *Revenue from domestic sales*

Particulars	Fiscal			
	2015		2016	
	Amount	Percentage of domestic sales	Amount	Percentage of domestic sales
	(₹ in million)	(%)	(₹ in million)	(%)
<i>Domestic</i>				
Diamonds	9,007.49	27.35%	2,534.93	7.99%
Jewellery & Others	23,921.29	72.65%	29,205.77	92.01%
<b>Total</b>	<b>32,928.78</b>	<b>100.00%</b>	<b>31,740.70</b>	<b>100.00%</b>

Our revenue from our domestic sales decreased by ₹ 1,188.08 million, or 3.61 %, from ₹ 32,928.78 million in Fiscal 2015 to ₹ 31,740.70 million in Fiscal 2016, is primarily due to policy changes by introduction of excise duty, which was introduced in the Union Budget 2016-17 at 1% on non-silver jewellery and a jewellers's strike, for almost two months from March to May 2016, largely by the organised players.

Our domestic sales contributed 72.40 % of our revenue from operations in Fiscal 2015, compared to 53.04% of our revenue from operations in Fiscal 2016.

#### *Revenue from export sales*

Particulars	Fiscal			
	2015		2016	
	Amount	Percentage of export sales	Amount	Percentage of export sales
	(₹ in million)	(%)	(₹ in million)	(%)
<i>Export</i>				
Diamond	0.00	0.00%	186.38	0.66%
Jewellery & Others	12,554.62	100.00%	27,916.00	99.34%
<b>Total</b>	<b>12,554.62</b>	<b>100.00%</b>	<b>28,102.38</b>	<b>100.00%</b>

Our revenue from export sales increased by ₹ 15,547.76 million or 123.84 % from ₹ 12,554.62 million in Fiscal 2015 to ₹ 28,102.38 million in Fiscal 2016, in line with our strategy to expand overseas.

Our export sales contributed 27.60% of our revenue from operations in Fiscal 2015 compared to 46.96% of our revenue from operations in Fiscal 2016.

#### *Other income*

Our other income increased by ₹ 746.60 million, or 97.13%, from ₹ 768.69 million in Fiscal 2015 to ₹ 1,515.29 million in Fiscal 2016. This increase was primarily due to foreign exchange fluctuation gain booked as part of other income.

### **Expenses**

Our total expenses increased by ₹ 14,387.35 million, or 31.21 %, from ₹ 46,096.02 million in Fiscal 2015 to ₹ 60,483.37 million in Fiscal 2016.

#### *Purchase of raw material and traded goods*

Our cost of purchase of raw material and traded goods increased by ₹ 20,743.93 million, or 44.91%, from ₹

46,190.10 million in Fiscal 2015 to ₹ 66,934.03 million in Fiscal 2016, primarily on account of growth in our business.

Our cost of purchase of raw material and traded goods in Fiscal 2015 included expenditure of ₹ 35,394.64 million on jewellery and others and ₹ 10,795.46 million on diamonds, compared to expenditure of ₹ 62,138.50 million on jewellery and others and ₹ 4,795.54 million on diamonds in Fiscal 2016, reflecting a higher amount expended in the purchase of jewellery and other items, as compared to the amount expended in the purchase of diamonds.

#### *Changes in closing stock of raw material and traded goods*

Our closing stock of raw materials was ₹ 6,588.09 million in Fiscal 2015, compared to ₹ 16,770.85 million in Fiscal 2016. Our closing stock of raw material as a percentage of our total income was 14.24% in Fiscal 2015, compared to 27.33% in Fiscal 2016. This increase in our closing stock of raw materials was primarily due to growth in our business.

Our closing stock of finished/trading goods was ₹ 5,387.25 million in Fiscal 2015, compared to ₹ 4,776.59 million in Fiscal 2016. Our closing stock of finished/trading goods as a percentage of our total income was 11.65% in Fiscal 2015, compared to 7.78% in Fiscal 2016. This decrease in our closing stock of finished/trading goods was primarily due to improved sales from inventory, reflecting in improved revenue from our operations.

#### *Employee benefit expenses*

Our employee benefit expenses decreased by ₹ 58.24 million, or 17.05%, from ₹ 341.50 million in Fiscal 2015 to ₹ 283.26 million in Fiscal 2016. This decrease was primarily due to rationalizing cost of employees and linking employee salaries with domestic sales. As a percentage of our total income, our employee benefit expenses were 0.74% in Fiscal 2015, compared to 0.46% in Fiscal 2016.

#### *Finance costs*

Our finance costs decreased by ₹ 191.74 million, or 8.79%, from ₹ 2,180.18 million in Fiscal 2015 to ₹ 1,988.44 million in Fiscal 2016.

Our interest expenses decreased by ₹ 254.81 million, or 11.94%, from ₹ 2,133.75 million in Fiscal 2015 to ₹ 1,878.94 million in Fiscal 2016. This decrease was primarily due to shift from rupee denominated debt to dollar denominated debt (catering to our export business) thereby also reducing the overall cost of debt.

As a percentage of our total income, our finance costs decreased from 4.71% in Fiscal 2015 to 3.24% in Fiscal 2016.

#### *Depreciation and amortization expense*

Our depreciation and amortization expense decreased by ₹ 26.72 million, or 51.53%, from ₹ 51.85 million in Fiscal 2015 to ₹ 25.13 million in Fiscal 2016. This decrease was primarily due to written down value methodology. As a percentage of our total income, depreciation and amortization was 0.11 % in Fiscal 2015 and 0.04% in Fiscal 2016, respectively.

#### *Other expenses*

Our other expenses decreased by ₹ 986.60 million, or 54.47%, from ₹ 1,811.20 million in Fiscal 2015 to ₹ 824.60 million in Fiscal 2016. This decrease was primarily due to rationalizing of miscellaneous expenses and reduction in provisioning and writing off doubtful debts of ₹757.62 million in Fiscal 2015 to ₹ 7.30 million in Fiscal 2016.

As a percentage of our total income, our other expenses decreased from 3.92% to 1.34% from Fiscal 2015 to Fiscal 2016, respectively.

#### *Profit before tax*

As a result of the foregoing, our profit before tax increased by ₹ 711.85 million, or 457.60%, from ₹ 155.56

million in Fiscal 2015 to ₹ 867.41 million in Fiscal 2016. As a percentage of our revenue from operations, our profit before tax increased from 0.34% in Fiscal 2015 to 1.41% in Fiscal 2016.

#### *Provision for tax*

Our tax expense increased by ₹ 73.82 million, or 1,108.41%, from credit of ₹ (6.66) million in Fiscal 2015 to expense of ₹ 67.16 million in Fiscal 2016. This increase was primarily due to increased profitability.

#### *Profit after tax*

Our profit after tax increased by ₹ 638.03 million, or 393.31%, from ₹ 162.22 million in Fiscal 2015 to ₹ 800.26 million in Fiscal 2016. As a percentage of our total income, our profit after tax was 0.35% in Fiscal 2015, while it was 1.30% in Fiscal 2016.

### **Fiscal 2015 compared to Fiscal 2014**

#### ***Revenue***

Our revenue from operations increased by ₹ 9,117.41 million, or 25.07%, from ₹ 36,365.99 million in Fiscal 2014 to ₹ 45,483.40 million in Fiscal 2015, primarily due to continuing expansion overseas and also due to a rise in the Indian diamond business.

#### ***Revenue from operations***

##### *Revenue from domestic sales*

Particulars	Fiscal			
	2014		2015	
	Amount	Percentage of domestic sales	Amount	Percentage of domestic sales
	(₹ in million)	(%)	(₹ in million)	(%)
<i>Domestic</i>				
Diamonds	827.98	2.92%	9,007.49	27.35%
Jewellery & Others	27,566.94	97.08%	23,921.29	72.65%
<b>Total</b>	<b>28,394.92</b>	<b>100.00%</b>	<b>32,928.78</b>	<b>100.00%</b>

Our revenue from our domestic sales increased by ₹ 4,533.86 million, or 15.97 %, from ₹ 28,394.92 million in Fiscal 2014 to ₹ 32,928.78 million in Fiscal 2015, is primarily due to increase in sales of jewellery and others from ₹ 27,566.94 million in Fiscal 2014 to ₹ 23,921.29 million in Fiscal 2015.

Our domestic sales contributed 78.08 % of our revenue from operations in Fiscal 2014, compared to 72.40 % of our revenue from operations in Fiscal 2015.

##### *Revenue from export sales*

Particulars	Fiscal			
	2014		2015	
	Amount	Percentage of export sales	Amount	Percentage of export sales
	(₹ in million)	(%)	(₹ in million)	(%)
<i>Export</i>				
Diamonds	0.00	0.00%	0.00	0.00%
Jewellery & Others	7,971.07	100.00%	12,554.62	100.00%
<b>Total</b>	<b>7,971.07</b>	<b>100.00%</b>	<b>12,554.62</b>	<b>100.00%</b>

Our revenue from export sales increased by ₹ 4,583.55 million or 57.50% from ₹ 7,971.07 million in Fiscal 2014 to ₹ 12,554.62 million in Fiscal 2015, primarily due to due to overseas expansion of our distribution network in

UAE and Hong Kong for distribution to retailers.

Our export sales contributed 21.92% of our revenue from operations in Fiscal 2014 compared to 27.60 % of our revenue from operations in Fiscal 2015.

#### *Other income*

Our other income increased by ₹ 670.04 million, or 679.21%, from ₹ 98.65 million in Fiscal 2014 to ₹ 768.69 million in Fiscal 2015. This increase was primarily due to foreign exchange fluctuation gain booked as part of other income.

#### *Expenses*

Our total expenses increased by ₹ 9,783.38 million, or 26.94 %, from ₹ 36,312.64 million in Fiscal 2014 to ₹ 46,096.02 million in Fiscal 2015.

#### *Purchase of raw material and traded goods*

Our cost of purchase of raw material and traded goods increased by ₹ 14,494.75 million, or 45.73%, from ₹ 31,695.35 million in Fiscal 2014 to ₹ 46,190.1 million in Fiscal 2015, primarily on account of growth in our business.

Our cost of purchase of raw material and traded goods in Fiscal 2014 included expenditure of ₹ 24,575.56 million on jewellery and others and ₹ 7,119.79 million on diamonds, compared to expenditure of ₹ 35,394.64 million on jewellery and others and ₹ 10,795.46 million on diamonds in Fiscal 2015, reflecting a relatively higher amount expended in the purchase of jewellery and other items, as compared to the amount expended in the purchase of diamonds.

#### *Changes in closing stock of raw material and traded goods*

Our closing stock of raw materials was ₹ 4,147.70 million in Fiscal 2014, compared to ₹ 6,588.09 million in Fiscal 2015. Our closing stock of raw material as a percentage of our total income was 11.37 % in Fiscal 2014, compared to 14.24% in Fiscal 2015. This increase in our closing stock of raw material was primarily due to growth in our business.

Our closing stock of finished/trading goods was ₹ 3,348.02 million in Fiscal 2014, compared to ₹ 5,387.25 million in Fiscal 2015. Our closing stock of finished/trading goods as a percentage of our total income was 9.18% in Fiscal 2014, compared to 11.65% in Fiscal 2015. This increase in our closing stock of finished/trading goods was primarily due to higher purchases by us, anticipating demand for our jewellery.

#### *Employee benefit expenses*

Our employee benefit expenses decreased by ₹ 137.23 million, or 28.67%, from ₹ 478.73 million in Fiscal 2014 to ₹ 341.50 million in Fiscal 2015. This decrease was primarily due to rationalizing cost of employees and incentivizing our employee base to introduce a more variable component for domestic sales. As a percentage of our total income, our employee benefit expenses were 1.31% in Fiscal 2014, compared to 0.74% in Fiscal 2015.

#### *Finance costs*

Our finance costs increased by ₹ 188.17 million, or 9.45%, from ₹ 1,992.01 million in Fiscal 2014 to ₹ 2,180.18 million in Fiscal 2015.

Our interest expenses increased by ₹ 250.63 million, or 13.31%, from ₹ 1,883.12 million in Fiscal 2014 to ₹ 2,133.75 million in Fiscal 2015. This increase was primarily due to increase our net borrowing as well as an increase in our borrowing costs.

As a percentage of our total income, our finance costs decreased marginally from 5.46% in Fiscal 2014 to 4.71% in Fiscal 2015.

#### *Depreciation and amortization expense*

Our depreciation and amortization expense increased by ₹ 13.30 million, or 34.50%, from ₹ 38.55 million in Fiscal 2014 to ₹ 51.85 million in Fiscal 2015. This increase was primarily the result of change in the estimated useful life of fixed assets in accordance with Schedule II of the Companies Act 2013. As a percentage of our total income, depreciation and amortization aggregated 0.11 % in Fiscal 2014 as well as 0.11 % in Fiscal 2015.

#### *Other expenses*

Our other expenses increased by ₹ 407.45 million, or 29.03%, from ₹ 1,403.75 million in Fiscal 2014 to ₹ 1,811.20 million in Fiscal 2015. This increase was due to our overall increase in provisions and writing off bad assets of ₹ 73.12 million in Fiscal 2014 to ₹ 757.62 million in Fiscal 2015.

As a percentage of our total income, our other expenses increased marginally from 3.85% to 3.92% in Fiscal 2014 to Fiscal 2015.

#### *Profit before tax*

As a result of the foregoing, our profit before tax increased by ₹ 3.56 million, or 2.34 %, from ₹ 152.00 million in Fiscal 2014 to ₹ 155.56 million in Fiscal 2015. As a percentage of our total income, our profit before tax decreased marginally from 0.42% in Fiscal 2014 to 0.34% in Fiscal 2015.

#### *Provision for tax*

Our tax expense decreased by ₹ 5.01 million, or 303.64%, from credit of ₹ 1.65 million in Fiscal 2014 to credit of ₹6.66 million in Fiscal 2015. This decrease was primarily due to increase in deferred taxes.

#### *Profit after Tax*

Our profit after tax increased by ₹ 8.57 million, or 5.58%, from ₹ 153.65 million in Fiscal 2014 to ₹ 162.22 million in Fiscal 2015. As a percentage of our total income, our profit after tax increased marginally from 0.42 % in Fiscal 2014 to 0.35 % in Fiscal 2015.

### **Six month period ended September 30, 2015 compared to six month period ended September 30, 2016**

#### ***Revenue***

Our revenue from operations increased by ₹ 15,550.42 million, or 63.60 %, from ₹ 24,450.27 million in the six month period ended September 30, 2015 to ₹ 40,000.69 million in the six month period ended September 30, 2016, primarily due to continued focus on international expansion and increase of overseas business.

#### ***Revenue from operations***

#### *Revenue from domestic sales*

Particulars	Six month period ended September 30			
	2015		2016	
	Amount	Percentage of domestic sales	Amount	Percentage of domestic sales
	(₹ in million)	(%)	(₹ in million)	(%)
<i>Domestic</i>				
Diamonds	989.49	9.28%	1,303.00	8.71%
Jewellery & Others	9,675.80	90.72%	13,652.74	91.29%
<b>Total</b>	<b>10,665.29</b>	<b>100.00%</b>	<b>14,955.74</b>	<b>100.00%</b>

Revenue from our domestic sales increased by ₹ 4,290.45 million, or 40.23 %, from ₹ 10,665.29 million in the six month period ended September 30, 2015 to ₹ 14,955.74 million in the six month period ended September 30,

2016. The increase in our revenue was primarily due to the expansion of our domestic distribution network in tier 2 and tier 3 towns in India. Our domestic sales contributed 43.62 % of our revenue from operations in the six month period ended September 30, 2015, compared to 37.39 % of our revenue from operations in the six month period ended September 30, 2016.

#### *Revenue from export sales*

Particulars	Six month period ended September 30			
	2015		2016	
	Amount	Percentage of export sales	Amount	Percentage of export sales
	(₹ in million)	(%)	(₹ in million)	(%)
<i>Export</i>				
Diamonds	186.38	1.35%	217.19	0.87%
Jewellery & Others	13,598.60	98.65%	24,827.76	99.13%
<b>Total</b>	<b>13,784.98</b>	<b>100.00%</b>	<b>25,044.95</b>	<b>100.00%</b>

Our revenue from export sales increased by ₹ 11,259.97 million or 81.68% from ₹ 13,784.98 million in the six month period ended September 30, 2015 to ₹ 25,044.95 million in the six month period ended September 30, 2016, primarily due to continuing expansion of our distribution network into geographies such as UAE, USA and Hong Kong.

Our export sales contributed 56.38% of our revenue from operations in the six month period ended September 30, 2015 compared to 62.61 % of our revenue from operations in the six month period ended September 30, 2016. This is because our revenue from export sales did not increase in the same proportion as the growth of our exports.

#### *Other income*

Our other income increased by ₹ 369.68 million, or 150.45%, from ₹ 245.72 million in the six month period ended September 30, 2015 to ₹ 615.40 million in the six month period ended September 30, 2016. This increase was primarily due to gains booked due to foreign exchange fluctuations, as part of other income.

#### *Expenses*

Our total expenses increased by ₹ 15,686.28 million, or 64.85 %, from ₹ 24,187.16 million in the six month period ended September 30, 2015 to ₹ 39,873.44 million in the six month period ended September 30, 2016.

#### *Purchase of raw material and traded goods*

Our cost of purchase of raw material and traded goods increased by ₹ 9,975.39 million, or 33.20%, from ₹ 30,047.41 million in the six months ended September 2015 to ₹ 40,022.80 million in the six months ended September 2016, primarily on account of growth in our business.

#### *Changes in closing stock of raw material and traded goods*

Our closing stock of raw materials was ₹ 10,312.25 million in the six month period ended September 30, 2015, compared to ₹ 18,903.80 million in the six month period ended September 30, 2016. Our closing stock of raw material as a percentage of our total income was 41.76% in the six month period ended September 30, 2015, compared to 46.54% in the six month period ended September 30, 2016. This increase in our closing stock of raw materials was primarily due to growth in our business.

Our closing stock of finished/trading goods was ₹ 8,977.64 million in the six month period ended September 30, 2015, compared to ₹ 4,273.92 million in the six month period ended September 30, 2016. Our closing stock of finished/trading goods as a percentage of our total income was 36.35% in the six month period ended September 30, 2015, compared to 10.52% in the six month period ended September 30, 2016. This decrease in our closing stock of finished/trading goods was primarily due to improved sales from inventory, reflecting in improved revenue from our operations.



#### *Employee benefit expenses*

Our employee benefit expenses decreased by ₹ 13.00 million, or 8.88%, from ₹ 146.37 million in the six month period ended September 30, 2015 to ₹ 133.37 million in the six month period ended September 30, 2016. This decrease was primarily due to rationalizing cost of employees and incentivizing our employee base by introducing a more variable component for domestic sales – salary plus commission on sales.

As a percentage of our total income, our employee benefit expenses were 0.59% in the six month period ended September 30, 2015 compared to 0.33% in the six month period ended September 30, 2016.

#### *Finance costs*

Our finance costs decreased by ₹ 197.78 million, or 19.29%, from ₹ 1,025.43 million in the six month period ended September 30, 2015 to ₹ 827.65 million in the six month period ended September 30, 2016.

This decrease was primarily due to shift from rupee denominated debt to dollar denominated debt (catering to the export business) thereby also reducing our overall cost of debt.

As a percentage of our total income, our finance costs decreased from 4.15 % in the six month period ended September 30, 2015 to 2.04% in the six month period ended September 30, 2016.

#### *Depreciation and amortization expense*

Our depreciation and amortization expense decreased by ₹ 1.54 million, or 13.26 %, from ₹ 11.61 million in the six month period ended September 30, 2015 to ₹ 10.07 million in the six month period ended September 30, 2016. This decrease was primarily because there were no significant additions in our fixed assets and due to the written down value method of calculating depreciation.

As a percentage of our total income, depreciation and amortization was 0.05 % in the six month period ended September 30, 2015 and 0.02 % in the six month period ended September 30, 2016, respectively.

#### *Other expenses*

Other expenses increased by ₹ 238.93 million, or 88.20%, from ₹ 270.90 million in the six month period ended September 30, 2015 to ₹ 509.83 million in the six month period ended September 30, 2016. This increase was primarily due to increase in our advertisement, selling and distribution expenses from ₹ 68.31 million in six month period ended September 30, 2015 to ₹ 150.89 million in the six month period ended September 30, 2016.

As a percentage of our total income, our other expenses were 1.10% and 1.26% in the six month period ended September 30, 2015 and in the six month period ended September 30, 2016, respectively.

#### *Profit before tax*

As a result of the foregoing, our profit before tax increased by ₹ 233.82 million, or 45.95%, from ₹ 508.83 million in the six month period ended September 30, 2015 to ₹ 742.65 million in the six month period ended September 30, 2016. As a percentage of our revenue from operations, our profit before tax decreased from 2.06% in the six month period ended September 30, 2015 to 1.83% in the six month period ended September 30, 2016.

#### *Provision for tax*

Our tax expense decreased by ₹ 5.44 million, or 48.01 %, from ₹ 11.33 million in the six month period ended September 30, 2015 to ₹ 5.89 million in the six month period ended September 30, 2016. This decrease was primarily due to availability of MAT credit

#### *Profit after tax*



Our profit after tax increased by ₹ 239.26 million, or 48.09%, from ₹ 497.50 million in the six month period ended September 30, 2015 to ₹ 736.76 million in the six month period ended September 30, 2016. As a percentage of our total income, our profit after tax was 2.01 % in the six month period ended September 30, 2015, while it was 1.81% in the six month period ended September 30, 2016.

### Liquidity and Capital Resources

Historically, our primary liquidity requirements have been to finance our working capital requirements. Our business requires a substantial amount of working capital to finance our inventory and debtors. As at September 30, 2016, our total outstanding debt was ₹15,850.59 million. For further information, see “*Financial Indebtedness*” on page 316 and “*Financial Statements*” on page 184.

### Cash Flows

The following table sets forth selected items from our restated cash flow statement for the periods indicated:

Particulars	Fiscal		
	2016	2015	2014
	(₹ in million)		
Net cash provided by/(used in) operating activities	2,541.64	887.60	(5,621.83)
Net cash provided by/(used in) investing activities	173.34	375.60	570.47
Net cash provided by/(used in) financing activities	(2,751.55)	(1,295.47)	4,538.70
Net increase / (decrease) in cash and cash equivalents	(36.57)	(32.27)	(512.66)

### Operating Activities

Net cash provided by operating activities was ₹ 2,541.64 million in Fiscal 2016, although net profit before tax was ₹ 876.41 million in such period. The difference was primarily attributable to an increase in profit after tax from ₹ 162.22 million in Fiscal 2015 to ₹ 800.25 million in Fiscal 2016.

Net cash provided by operating activities was ₹ 887.60 million in Fiscal 2015, although net profit before tax was ₹ 155.56 million in such period. The difference was primarily attributable to an increase in trade payables of ₹ 12,006.18 million in Fiscal 2015.

Net cash used in operating activities was ₹ 5,621.83 million in Fiscal 2014, although net profit before tax was ₹ 152.00 million in such period. The difference was primarily attributable to a decrease in trade payables of ₹ 6,634.40 million in Fiscal 2014.

### Investing Activities

Net cash provided by investing activities was ₹ 173.34 million in Fiscal 2016, primarily consisting of withdrawal of fixed deposits of ₹ 179.04 million.

Net cash provided by investing activities was ₹375.60 million in Fiscal 2015, primarily consisting of withdrawal of fixed deposits of ₹ 378.26 million.

Net cash provided by investing activities was ₹ 570.47 million in Fiscal 2014, primarily consisting of withdrawal of fixed deposits of ₹ 582.18 million.

### Financing Activities

Net cash used in financing activities was ₹ 2,751.55 million in Fiscal 2016, primarily consisting of payment of interest on facilities of ₹ 2,085.19 million.

Net cash used in financing activities was ₹ 1,295.47 million in Fiscal 2015, primarily consisting of proceeds of ₹ 878.41 million from facilities, offset by interest and finance costs amounting to ₹ 2,169.88 million.

Net cash generated from financing activities was ₹ 4,538.70 million in Fiscal 2014, primarily consisting of proceeds of ₹ 7,920.70 million from facilities, offset in part by interest and finance costs amounting to ₹ 1,992.00

million.

### Contingent Liabilities

The following table sets forth the principal components of our contingent liabilities and capital commitments Fiscals 2016, 2015, 2014, 2013 and 2012 and for the six months ended September 30, 2016:

(₹ in million)

Particulars	September 30, 2016	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Outstanding letter of credit	-	-	-	-	1970.00	2,027.50
Bank Guarantees given by subsidiaries	-	-	-	1.00	4,112.00	3,482.00
Disputed Income Tax	0.92	0.18	20.52	33.08	5.45	174.03
Estimated amounts of contracts remaining to be executed on Capital Account and not provided for	-	-	-	59.30	59.30	-
Summons/ show cause notice from Customs department	4.00	4.00	4.00	-	-	-
Guarantees given to Sales Tax / Custom /Excise Authorities/Civil Judge	1.30	1.33	1.30	0.30	1.69	8.07
Disputed Service Tax	22.63	22.63	22.63	22.63	22.63	22.63
Non Receipt of Sales Tax Declaration Form	31.76	40.64	104.21	81.87	73.80	59.77
Sales Tax demand Notice	142.43	142.43	142.43	142.43	-	-
Tax demand for various years as per TRACES	22.44	31.80	22.60	-	-	-
Disputed Central Excise	12.38	12.38	12.38	12.38	12.38	12.38
Litigations filed against the Company by franchisees, creditors, landlords, customers, suppliers and consumers	45.73	46.43	52.44	-	-	137.56

Note: GILI India has received notice from Brihanmumbai Municipal Corporation for payment of octroi duty and pending settlement of the dispute, GILI India has made provisions for ₹ 11.40 million. Further, Nakshatra Brands has paid ₹ 1.19 million under protest to Delhi VAT authorities in respect of non-sale transaction during Fiscal 2012.

### Related Party Transactions

We have entered into and expect to enter into transactions with a number of related parties, including our Promoters. For further information regarding our related party transactions, see “*Statement of Related Party Transactions*” under Annexure 41 of “*Financial Statements*” on page 271.

### Significant Developments after September 30, 2016

- The name of our Company was changed from ‘Gitanjali Brands Limited’ to ‘Nakshatra World Limited’ pursuant to a special resolution passed by our shareholders in their EGM dated October 4, 2016 and a fresh certificate of incorporation was issued on November 11, 2016.
- The authorised share capital of our Company was increased from ₹ 9,00,00,000 to ₹ 80,00,00,000 pursuant to a special resolution passed by our shareholders in their EGM dated October 24, 2016.
- The face value of the equity shares of our Company was consolidated from ₹ 5 each to ₹ 10 each, pursuant to a special resolution passed by our shareholders in their EGM dated December 8, 2016.
- On December 22, 2016, we issued bonus shares to our existing shareholders in the ratio of 4:1 (four equity shares for one fully paid up equity share). For further information, see “*Capital Structure*” on page 79.
- Our Company, our Subsidiaries and our Promoter, GGL were subject to a survey under Section 133A

of the Income Tax Act in January, 2017. We have furnished certain information and are in the process of furnishing certain additional information. Financial impact, if any, is not ascertainable at this stage.

Except as stated above, there are no developments after September 30, 2016 that we believe are expected to have a material impact on our reserves, profits, earnings per Equity Share, book value or ability to pay our liabilities within the next twelve months.

## **Quantitative and Qualitative Disclosure about Market Risks**

### *Interest Rate Risk*

Interest rates for borrowings have been volatile in India in recent periods. Our operations are funded to an extent by debt, and increases in interest expense may have an adverse effect on our results of operations and financial condition. Our current debt facilities carry interest at variable rates as well as fixed rates. Although we engage in interest rate hedging transactions or exercise any right available to us under our financing arrangements to terminate the existing debt financing arrangement on the respective reset dates and enter into new financing arrangements, there can be no assurance that we will be able to do so on commercially reasonable terms, that our counterparties will perform their obligations, or that these agreements, if entered into, will protect us adequately against interest rate risks.

### *General*

Market risk is the risk of loss of future earnings, to fair values or to future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the foreign currency exchange rates, interest rates, commodity prices, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments, foreign currency payables and debt.

### *Foreign Exchange Rate Risk*

Changes in currency exchange rates influence our results of operations. A major portion of our revenues, particularly relating to our exports, is denominated in currencies other than Indian Rupees. The depreciation of the Indian Rupee against these foreign currencies may adversely affect our results of operations by increasing the cost of financing any debt denominated in foreign currency that we may enter into or proposed capital expenditure, if any, in foreign currencies. We are also impacted by the fluctuations in the exchange rate between Indian Rupee and certain foreign currencies. Our financial statements are presented in Indian Rupee, however, our revenues are influenced by currencies of those countries where we export our jewellery products. Although we enter into hedging transactions to minimize our currency exchange risks, there can be no assurance that such measures will enable us to completely offset the effect of any adverse fluctuations in the value of the Indian Rupee against the relevant foreign currencies.

### *Unusual or infrequent events or transactions*

Except as discussed 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”.

### *Significant economic changes*

Except as discussed in this Draft Red Herring Prospectus, to our knowledge, there have been no significant economic changes that are likely to have a material adverse impact on our operations or financial condition.

### *Known trends or uncertainties*

Our business has been, and we expect will continue to be impacted by the trends identified in this section and the uncertainties described in “**Risk Factors**” on page 18. To our knowledge, except as we have described in this Draft Red Herring Prospectus, there are no known factors, which we expect to have a material adverse impact on our revenues or income from continuing operations.

### *Future changes in relationship between costs and revenues*

Except as described in this section and in “**Risk Factors**” and “**Our Business**” on pages 18 and 120, respectively, to our knowledge, there is no future relationship between expenditure and income that will have a material adverse impact on our operations and finances.

***Extent to which material increases in net sales or revenue are due to increased sale volume, introduction of new products or services or increased sales prices***

The extent to which material increases in net sales or revenue are due to increased sale volume, introduction of new products or services or increased sales prices is discussed in this section above.

***Significant regulatory changes that materially affected or are likely to affect income from continuing operations***

Except as described in “**Key Regulations and Policies in India**” on page 132, there have been no significant regulatory changes that have materially affected or are likely to affect our income from continuing operations.

***The extent to which our business is seasonal***

Our sector has seasonal increases and decreases in revenues and profitability, corresponding with weddings and festivals. Historically, the third quarter and fourth quarter have been more profitable than the first quarter and second quarter of every fiscal. We offer increased discounts and promotions in those quarters when there are fewer weddings and no important festivals in order to increase revenue. Also see, “- **Significant Factors Affecting our Results of Operations – Seasonality**” and “**Risk Factors – Our income and sales are subject to seasonal fluctuations and lower income in a peak season may have a disproportionate effect on our results of operations.**” on pages 296 and 21, respectively.

***Competitive conditions***

The Indian jewellery industry is highly fragmented and dominated by the unorganized sector, from which the organized jewellery sector faces intense competition. The players in the unorganized sector offer their products at highly competitive prices and many of them are well established in their respective local areas. We also compete against organised national, regional and local players. See “**Our Business – Competition**” on page 130.1

## FINANCIAL INDEBTEDNESS

Pursuant to our Articles of Association, subject to applicable law and pursuant to a resolution passed by our Board at their meeting held on August 12, 2014 and a resolution of the shareholders of our Company passed at the annual general meeting held on September 9, 2014, our Board has been authorized by our Company to borrow sums of money for general corporate purposes of our Company with or without security on such terms and conditions as the Board may think fit, which, together with the monies borrowed by our Company (apart from temporary loans obtained or to be obtained from our Company's bankers in the ordinary course of business) shall not exceed ₹ 5,000 million over and above the aggregate of the paid-up share capital and free reserves of our Company.

### A. Borrowings of our Company

As of February 27, 2017, our Company had total outstanding borrowings amounting to ₹ 4,078.40 million. Set forth below is a brief summary of our aggregate borrowings (both fund based and non-fund based) as on February 27, 2017:

(₹ million)

Category of borrowing	Sanctioned amount (₹ million unless specified otherwise)	Outstanding amount as on February 27, 2017*
<b>Working credit facilities:</b>		
Cash credit	1,573.80	1,613.31
FCNR	496.90	495.80
Packing credit	779.20	780.08
Post shipping credit	738.80	732.34
Letter of Credit/Bank guarantees	466.30	456.86
<b>Total</b>	<b>4,055.00</b>	<b>4,078.40</b>

\* Outstanding amount has been calculated as on February 27, 2017 as certain public sector banks were on a nationwide strike on February 28, 2017.

### B. Borrowings of our Subsidiaries

Set forth below is a summary of our Subsidiaries' aggregate borrowings (both fund based and non-fund based) as on February 27, 2017:

(₹ million)

Category of borrowing	Sanctioned amount (₹ million unless specified otherwise)	Outstanding amount as on February 27, 2017*
<b>GILI India</b>		
<b>Working credit facilities:</b>		
Cash credit	1,640.00	1,651.84
Packing credit	1,834.50	1,884.11
Letter of Credit/Bank guarantees	368.00	368.22
<b>Total</b>	<b>3,842.50</b>	<b>3,904.18</b>
<b>Bezel Jewellery</b>		
<b>Working credit facilities:</b>		
Cash credit	800.00	801.27
<b>Total</b>	<b>800.00</b>	<b>801.27</b>
<b>Nakshatra Brands</b>		
<b>Working credit facilities:</b>		
Cash credit	5,373.00	5,481.30
Packing credit	1,105.00	1,092.66
Letter of credit	730.00	731.05
Post shipping credit	870.00	871.17
<b>Total</b>	<b>8,078.00</b>	<b>8,176.18</b>

\* Outstanding amount has been calculated as on February 27, 2017 as certain public sector banks were on a nationwide strike on February 28, 2017.

**Principal terms of the borrowings availed of by our Company and our Subsidiaries:**

**Interest:** In terms of the loans availed of by our Company and our Subsidiaries, the interest rate typically ranges from 12% to 16% per annum. Our Company and our Subsidiaries have delayed in repayment of principal amounts and in servicing the interest on its working capital borrowings. As at February 27, 2017, our Company's and our Subsidiaries' facilities were overdrawn by ₹ 41.51 million and ₹ 195.62 million, respectively, mainly on account of non-servicing of interest.

**Tenor:** The tenor of the working capital limits typically ranges from three months to twelve months.

**Security:** The working capital borrowings are secured by way of hypothecation on first charge ranking *pari passu* on all current assets, fixed assets, lien on fixed deposits and further collaterally secured by corporate guarantee GGL and personal guarantee of our Chairman and Managing Director, Mr. Mehul Choksi.

**Re-payment:** Working capital facilities are typically repayable on maturity date. Some of our lenders typically have a right to modify or cancel the facilities without prior notice and require immediate repayment of all outstanding amounts.

**Prepayment:** The loans availed by our Company and our Subsidiaries typically have prepayment provisions which allows for pre-payment and re scheduling of the outstanding loan amount on receiving prior approval from such concerned lender, subject to such prepayment penalties as may be decided by the lender at the time of such prepayment, or as laid down in the facility document, as the case may be.

**Covenants:** Borrowing arrangements entered into by our Company and our Subsidiaries typically contain certain covenants to be fulfilled by our Company and our Subsidiaries, including:

- a) submission of financial statements to the lenders, within a specified period;
- b) notification to the lenders upon entering into any amalgamation, consolidation, demerger, merger and upon breach of any of the covenants of the borrowing arrangements;
- c) refraining from changing the Fiscal end from the date we have currently adopted, refraining from selling, letting out, transferring or disposing of all or substantial part of our assets without prior written consent of the lender and refraining from declaring dividends or distributing profits except where the instalments of principal and interest payable to a particular lender is being paid regularly and there are no irregularities in relation thereto;
- d) compliance with the financial covenants including in relation to maintenance of minimum net debt to EBITDA ratio, minimum tangible net worth, minimum fixed asset cover and maximum net gearing; and
- e) our Company and our Subsidiaries cannot, without the prior approval of the lender, among other things, (i) effect any change in its capital structure or shareholding pattern; (ii) enter into any merger, consolidation, re-organisation, scheme of arrangement or compromise between our Company and its creditors or shareholders or if our Company effects any scheme of amalgamation or reconstruction; (iii) divert funds for purposes other than the sanctioned purpose; (iv) change our management structure or control of our Company; (iv) amend our constitutional documents.

**Events of Default:** Borrowing arrangements entered into by our Company and our Subsidiaries contain standard events of default, including:

- a) change in constitution of our Company or our Subsidiaries which would in the opinion of the lender would adversely affect the interest of the bank;
- b) cross defaults;
- c) material adverse change to the business, assets or condition of our Company or our Subsidiaries which is likely to have a material adverse effect on the financial condition of our Company or our Subsidiaries; and
- d) breach of the obligations under any term of the relevant agreement or any other borrowing agreement entered into by our Company or our Subsidiaries.

This is an indicative list and there may be additional terms that may amount to an event of default under the various borrowing arrangements entered into by us.

**C. Unsecured loans which may be recalled at any time by the lenders as on February 27, 2017**

Unsecured Loans	Amount outstanding as on February 27, 2017 (₹ million)
Unsecured Loans from our Promoter, Mr. Mehul Choksi	
- Nakshatra World	150.06
- Bezel Jewellery	169.16
- Nakshatra Brands	250.00
<b>Total</b>	<b>569.22</b>

**D. Inter corporate deposits from SICOM**

Nakshatra Brands has availed inter corporate deposits from SICOM which is renewable for a period between 180 days to 365 days. The loan carries an interest at 16.25% per annum. The loan is secured by subservient charge on movable and current assets of the company, pledge of equity shares of GGL, owned by Mr. Mehul Choksi and personal guarantee of Mr. Mehul Choksi. There has been a default in the payment of principal amount including the unpaid interest payable to SICOM. The outstanding amount, including unpaid interest as at February 27, 2017 is ₹ 207.47 million.

For further details in relation to the financial indebtedness of our Company and our Subsidiaries, see the sections “*Financial Statements – Restated Standalone Financial Statements*” and “*Financial Statements – Restated Consolidated Financial Statements*” on pages 184 and 231 respectively.



## SECTION VI – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND OTHER MATERIAL DEVELOPMENTS

*Except as stated in this section, there are no (i) outstanding criminal proceedings involving our Company, Subsidiaries, Directors, Promoters or Group Companies; (ii) actions taken by statutory or regulatory authorities involving our Company, Subsidiaries, Directors, Promoters or Group Companies; (iii) outstanding claims involving our Company, Subsidiaries, Directors, Promoters or Group Companies for any direct and indirect tax liabilities; (iv) other pending litigation involving our Company, Subsidiaries, Directors, Promoters, Group Companies or any other person, as determined to be material by our Board of Directors, in accordance with the SEBI ICDR Regulations.*

*Further, except as stated in this section there are no (i) inquiries, inspections or investigations initiated or conducted under the Companies Act against our Company during the last five years immediately preceding the year of this Draft Red Herring Prospectus, (ii) prosecutions filed (whether pending or not); fines imposed or compounding of offences for our Company and Subsidiaries in the last five years immediately preceding the year of this Draft Red Herring Prospectus; (iii) litigation or legal action against our Promoters by any ministry or Government department or statutory authority during the last five years immediately preceding the year of this Draft Red Herring Prospectus; (iv) material frauds committed against our Company, in each case in the five years preceding the date of this Draft Red Herring Prospectus; (v) outstanding dues to creditors of our Company as determined to be material by our Company's Board of Directors in accordance with the SEBI ICDR Regulations; (vi) outstanding dues to small scale undertakings and other creditors; (vii) overdue or defaults to banks or financial institutions by our Company; and (viii) pending defaults or non-payment of statutory dues by our Company. Further, except as disclosed below, there have been no proceedings initiated against our Company for economic offences, defaults in respect of dues payable.*

*Details of other legal proceedings, determined to be material by our Board of Directors and currently pending involving our Company are set forth below. Pursuant to the SEBI ICDR Regulations, for the purposes of disclosure and as per the policy approved by the Board of Directors on March 8, 2017, all other pending litigation involving our Company, Subsidiaries, Directors, Promoters and Group Companies, other than criminal proceedings, statutory or regulatory actions and taxation matters, would be considered 'material' if the monetary amount of claim by or against the entity or person in any such pending matter is in excess of ₹ 100 million, to the extent ascertainable, and such pending cases are material from the perspective of the business, operations, prospects or reputation of our Company.*

*Unless stated to the contrary, the information provided below is as on the date of this Draft Red Herring Prospectus.*

#### **I. Litigation involving our Company**

##### **A. Pending criminal litigation involving our Company**

###### *Criminal proceedings against our Company*

One criminal proceeding is initiated against our Company:

Mr. Amit Bohra has filed a criminal complaint against our Company, our Chairman and Managing Director, Mr. Mehul Choksi and others before the Metropolitan Magistrate, Jaipur. Mr. Amit Bohra has alleged that our Company had cheated, done criminal conspiracy and caused criminal breach of trust and wrongful loss to him. Mr. Amit Bohra alleged that he had delivered rubies worth ₹ 4.71 million to our Company, for which our Company had only made part payment and in spite of repeated reminders, had failed to make the balance payment of ₹ 1.85 million. The Metropolitan Magistrate directed Sanganeer police station to file a first information report and conduct an inquiry in this matter, pursuant to which a first information report (FIR No. 96/2015) was registered by the Sanganeer police station. Our Company has submitted its reply with the police station, denying all the allegations made by Mr. Amit Bohra and submitted that all the dues of Mr. Amit Bohra were paid by our Company. This matter is currently pending investigation.

###### *Criminal proceedings by our Company*



There are 11 criminal proceedings initiated by our Company:

Our Company has filed 11 complaints, against various persons, under the Negotiable Instruments Act, 1881 in relation to dishonour of cheques. The matters are pending at different stages of adjudication before various courts. The aggregate amount involved in the matters is ₹ 53.35 million.

***B. Pending action before statutory or regulatory authorities involving our Company***

There are two matters involving our Company before statutory or regulatory authorities:

1. Our Company and our Chairman and Managing Director, Mr. Mehul Choksi have received two show cause notices dated January 13, 2017 and January 18, 2017 from the Employees State Insurance Corporation, SRO-Marol, in relation to recovery of damages, and payment of interest on delayed contribution respectively for an aggregate amount of ₹ 6,164 from our Company under the Employees State Insurance Act, 1948 and Employees State Insurance (General) Regulations, 1950. Our Company has submitted the copies of the challan evidencing payment of contribution, with the Employees State Insurance Corporation, on February 13, 2017 in relation to these notices.

***C. Tax proceedings involving our Company***

*Indirect Tax Proceedings*

There are three indirect tax matters involving our Company:

There are two indirect tax proceedings initiated by our Company, before the High Court of Madras and the High Court of Calcutta, involving an aggregate amount of ₹ 30.59 million in relation to additional sales tax liability determined by the sales tax officer for the Fiscal 2010, 2011 and 2012, and disallowance of input tax credit by the Joint Commissioner of Central Audit Unit, respectively

Further, our Company has received one show cause notice dated November 12, 2013 from the Noida Customs Commissionerate directing our Company to pay customs duty on imported gold jewellery. Our Company, has by its letter dated January 31, 2017, denied the allegations made in the notice and requested Noida Customs Commissionerate to withdraw the notice.

***D. Other Outstanding litigation involving our Company***

*Civil proceedings initiated against our Company*

There are various notices and proceedings initiated against our Company from time to time, in the ordinary course of its business, in relation to, among others, for (i) recovery of outstanding amounts; (ii), non-payment of salary and other dues of employees; and (iii) non-payment of rent. The monetary values of these matters are not material or are not ascertainable. These matters are currently pending at various stages.

***E. Proceedings initiated against our Company for economic offences***

As on the date of this Draft Red Herring Prospectus, there are no proceeding initiated against our Company for economic offences.

***F. Default and non – payment of statutory dues by our Company***

See, “*Financial Statements – Restated Financial Statements – Annexure 36*” on page 267.

***G. Material frauds against our Company***

As on the date of this Draft Red Herring Prospectus, there are no material frauds against our Company.

**H. Details of any inquiry, inspection or investigation initiated or conducted under the Companies Act 2013 or the Companies Act 1956 against our Company**

There are three inquiries initiated under the Companies Act against our Company:

1. The RoC has issued a show cause notice dated May 30, 2014, to our Company with respect to violations by our Company of the provisions regarding disclosure obligations under the Companies Act 1956 and the Investor Education and Protection Fund (Uploading Of Information Regarding Unpaid and Unclaimed Amounts lying with Companies) Rules, 2012 (the “**IEPF Rules**”). The RoC alleged that our Company had violated provisions of the Companies Act 1956, on account of not having made requisite form filings under the IEPF Rules. Our Company, by its letter dated June 30, 2014 clarified that it was not in violation of the provisions of the Companies Act 1956 and requested the RoC to withdraw the notice. No further correspondence has been received from the RoC.
2. The RoC, by a letter dated May 19, 2016, has directed our Company to furnish details of our corporate social responsibility expenditure for Fiscal 2015 under the provisions of the Companies Act 2013. Our Company, by its letter dated June 24, 2016, has provided the reasons for its inability to spend 2% of its average net profit towards corporate social responsibility activities. No further correspondence has been received from the RoC.
3. The RoC, by a letter dated November 17, 2016 has directed our Company to furnish information in relation to our corporate social responsibility obligations under the provisions of the Companies Act 2013. Our Company was required to submit the audited financial statements and the notes to accounts for the Fiscal 2012, 2013, 2014 and 2015 along with the Board’s report for the Fiscal 2015. Our Company, by its letter dated December 6, 2016, has furnished the information as requested by the RoC. Pursuant to this, the RoC asked for additional documents by way of letter dated January 24, 2017 to which our Company gave a clarification by its letter dated February 3, 2017, stating that all the requisite information had already been submitted to the RoC earlier. No further correspondence has been received from the RoC.

**I. Details of prosecutions filed (whether pending or not); fines imposed or compounding of offences done in the last five years by our Company.**

There have been certain instances of non-compliance of provisions of the Companies Act 2013, by our Company. Our Company and, our Chairman and Managing Director Mr. Mehul Choksi, and others have filed the following applications for compounding of such offences before the National Company Law Tribunal (the “**NCLT**”) on January 19, 2017, in relation to these non-compliances:

- non-compliance with Section 149 of the Companies Act 2013 and applicable rules in relation to the failure to appoint requisite number of independent directors on the Board for the period from April 1, 2015 to December 14, 2016;
- non-compliance with Section 177 (2) of the Companies Act 2013 in relation to the failure to constitute an audit committee during the period April 1, 2015 to December 14, 2016;
- non-compliance with Section 178 (1) of the Companies Act 2013 in relation to the failure to constitute the nomination and remuneration committee during the period June 12, 2015 to December 14, 2016;
- non-compliance with Section 135 (1) of the Companies Act 2013 in relation to the failure to constitute a Corporate Social Responsibility Committee for the period between April 1, 2014 to June 29, 2015; and
- non-compliance with Section 203 of the Companies Act 2013 in relation to the failure to appoint a company secretary during the period between June 9, 2014 to May 14, 2015.

These compounding applications are currently pending before the NCLT.

**J. Outstanding dues to small scale undertakings or any other creditors**

As on September 30, 2016, our Company had 146 creditors, to whom a total amount of ₹ 5,942.08 million was outstanding. Of these, 34 were material creditors, being creditors to whom an amount exceeding ₹ 0.1 million is outstanding, as determined to be material by our Board of Directors, and the total amount due to such material creditors was ₹ 5,939.24 million., see the website of our Company, [www.nakshatra.world](http://www.nakshatra.world). Of these, based on information available to our Company, two parties have been identified as small scale undertakings by our Company.

*Information provided on the website of our Company is not a part of this Draft Red Herring Prospectus and should not be deemed to be incorporated by reference. Anyone placing reliance on any other source of information, including our Company's website, [www.nakshatra.world](http://www.nakshatra.world), would be doing so at their own risk.*

**K. Outstanding litigation against any other persons or companies whose outcome could have an adverse effect on our Company**

There are no outstanding litigation, suits, criminal or civil proceedings, statutory or legal proceedings including those for economic offences, tax liabilities, prosecution under any enactment in respect of Schedule V of the Companies Act 2013, show cause notices or legal notices against any other person or company the outcome of which could affect the operation or finances of our Company or have a material adverse effect on the position of our Company.

**II. Litigation involving our Subsidiaries**

**1. GILI India**

**A. Pending criminal proceedings involving GILI India**

*Criminal proceedings against GILI India*

There are two criminal matters initiated against GILI India:

Our Subsidiary, GILI India has received two notices under the Negotiable Instruments Act, 1881 in relation to alleged dishonour of cheques. The aggregate amount involved in these notices is ₹ 4.52 million.

*Criminal proceedings by GILI India*

There are five criminal proceedings initiated by GILI India:

1. Our Subsidiary, GILI India has filed four complaints against various persons under the Negotiable Instruments Act, 1881 in relation to dishonour of cheques. The matters are pending at different stages of adjudication before various courts. The aggregate amount involved in the matters is ₹ 10.34 million.
2. Our Subsidiary, GILI India has filed a first information report (F.I.R. No 5/2012) against Ms. Sneha Lavate with the M.I.D.C police station, Mumbai. GILI India submitted that Ms. Sneha Lavate, who was working as an accounts manager in GILI India, had misappropriated and cheated GILI India of an amount of ₹ 1.04 million, used its monies for her own benefit, made alterations in the amount of transaction receipts, reflected false amount in the books of accounts and used bogus company seals for getting monies from the provident fund office in her own name. This matter is pending investigation.

**B. Tax proceedings involving GILI India**

*Direct Tax Proceedings*

GILI India has received one notice from the Income Tax Department, Bengaluru directing GILI to pay the outstanding self-assessment tax amounting to ₹ 51.11 million.

*Indirect Tax Proceedings*

There are seven indirect tax matters involving GILI India:

There is one appeal filed by our Subsidiary, GILI India, before the Deputy Commissioner of Sales Tax, Bandra against levy of penalty by the sales tax officer. The aggregate amount involved in this matter is ₹ 0.41 million.

Further, our Subsidiary, GILI India has received five notices from the Deputy Commissioner of Sales Tax and the Commissioner of Customs, Mumbai, involving an aggregate amount of ₹ 42.98 million, in relation to, demand for sales tax by the sales tax officer for the Fiscal 2009 and 2013 and notice alleging evasion of custom duty by GILI India, respectively.

Our Statutory Auditors, have, in the Restated Consolidated Financial Statements noted that our Subsidiary, GILI India has received a notice from the Brihanmumbai Municipal Corporation for non-payment of octroi duty for the Fiscal 2006, 2007, 2008, 2009 and 2010. In this regard, GILI India has made a provision of ₹ 11.42 million on this count on conservative basis. The future liability on GILI India cannot be estimated. See “*Financial Statements – Restated Consolidated Financial Statements – Annexure 37*” on page 267.

**C. *Other outstanding litigation involving GILI India***

*Civil proceedings initiated against GILI India*

There are various notices and proceedings initiated against our Subsidiary, GILI India, from time to time, in the ordinary course of its business, in relation to, among others for (i) recovery of outstanding amounts; (ii) non-payment of salary and other dues of employees; (iii) non-payment of rent, license fees and notices in relation to termination of leave and license agreement and (iv) notices received under the provisions of the Companies Act for winding up of GILI India. The monetary values of these matters are not material or are not ascertainable. These matters are currently pending at various stages.

**D. *Details of any inquiry, inspection or investigation initiated or conducted under the Companies Act 2013 or the Companies Act 1956 against GILI India***

There are three inquiries initiated under the Companies Act against GILI India:

1. The RoC has issued a show cause notice dated July 9, 2014 to our Subsidiary, GILI India. The RoC alleged that GILI India has violated the provisions of Companies Act 1956, which requires a company to credit to the Investor Education and Protection Fund certain investor dues accumulated with the company, and the IEPF Rules, which requires a company to upload the information of unclaimed and unpaid amounts of investors lying with the company during the last seven years on its website and on the website of the MCA. The RoC noted that such information was available on the balance sheet of GILI India as on March 31, 2013 but had not been uploaded on the website of GILI India or on the website of MCA. GILI India, by its letter dated July 14, 2014 has clarified that there was no violation by them of provisions of the Companies Act 1956 and requested the RoC to withdraw the show cause notice. No further correspondence has been received from the RoC.
2. Our Subsidiary, GILI India has received a show cause notice dated July 6, 2015, from the RoC for failure to appoint at least one woman director on its board as required under the provisions of the Companies Act 2013. GILI India, by its letter dated July 23, 2015, stated that it has appointed Ms. Lata Saraiya as a woman director on the board of GILI India and requested the RoC to withdraw the notice and condone the delay in appointment of the woman director. No further correspondence has been received from the RoC.
3. Our Subsidiary, GILI India has received a show cause notice dated December 14, 2016 from the RoC for violation the provisions of the Companies Act 2013. GILI India was directed to submit details in relation to its corporate social responsibility expenditure for the Fiscal 2015 along with the audited financial statements and the notes to accounts for the Fiscal 2012, 2013, 2014 and 2015 and the board’s report for the fiscal 2015. GILI India, by its letter dated January 5, 2017 has provided the reasons for its inability to contribute 2% of their net profit to the corporate social responsibility activities and clarified that the reasons for non-contribution were duly given by them in their board report for the Fiscal 2015. No further correspondence has been received from the RoC.

## 2. Bezel Jewellery

### A. Pending criminal proceedings involving Bezel Jewellery

#### *Criminal proceedings against Bezel Jewellery*

There are two criminal proceedings initiated against Bezel Jewellery:

1. In Touch Sales, a partnership firm, and its partners (collectively, the “**Petitioners**”) have filed a criminal application (No. 802 Of 2012) against the State of Maharashtra and our Subsidiary, Bezel Jewellery before the High Court of Bombay for quashing the order dated March 15, 2012 passed by the Metropolitan Magistrate, Andheri. The order was passed by the Metropolitan Magistrate issuing process against the Petitioners in the criminal complaint (CC No. 2186/SS/2011) filed by Bezel Jewellery against the Petitioners in relation to dishonour of cheques. The Petitioners have prayed, among others, that the High Court of Bombay quash the complaint and all other proceedings arising subsequently from the complaint. This matter is pending for hearing before the High Court of Bombay.
2. Vasant Indar Nangia and Johnson Varghese (together, the “**Petitioners**”) have filed a criminal writ petition (Cr.W P. No. 1867/2016) before the High Court of Bombay against the State of Maharashtra and our Subsidiary, Bezel Jewellery. The criminal writ petition has been filed challenging the order dated October 11, 2011 passed by the Additional Chief Metropolitan Magistrate, Andheri. The order was pertaining to issuance of process against the Petitioners in the criminal complaint (No. 304/SW/2011) filed by Bezel Jewellery against the Petitioners. The Petitioners have prayed that the High Court of Bombay quash the order and issue a stay on the proceedings which are pending before the Additional Chief Metropolitan Magistrate. This matter is pending for hearing before the High Court of Bombay.

#### *Criminal proceedings by Bezel Jewellery*

There are ten criminal proceedings initiated by Bezel Jewellery:

1. Our Subsidiary, Bezel Jewellery has filed a criminal complaint (CC No. 304/SW/2011) against Oyzterbay Private Limited and its directors before the Additional Chief Metropolitan Magistrate, Andheri. Bezel Jewellery submitted that the accused has, contrary to the memorandum of understanding signed between Bezel Jewellery and the accused, committed criminal breach of trust, misappropriated goods worth ₹ 16.23 million, sold certain goods and failed to remit the sale proceeds amounting to ₹ 1.26 million in relation to these goods. Bezel Jewellery has prayed for initiating process against the accused. Subsequently, the Additional Chief Metropolitan Magistrate has passed an order dated October 11, 2011 issuing process against the accused. This matter is pending for issuance of summons report.
2. Our Subsidiary, Bezel Jewellery has filed a criminal complaint (CC No. 12526/2016) against Panache Diamond Private Limited and its directors before the Additional Chief Metropolitan Magistrate, Delhi. Bezel Jewellery has submitted that the accused has committed offences relating to breach of trust, forgery and falsification of documents by inducing them to deliver diamond jewellery worth ₹ 5.15 million but refusing to make the payment pursuant to delivery of these jewellery. The complainant has prayed, among others, that the court should direct the concerned police station to register a case against the accused and take appropriate actions. This matter is pending for hearing after submission of the report of the investigating officer.
3. Our Subsidiary, Bezel Jewellery has filed a first information report (FIR No. 264/2005) dated June 18, 2005 with the M.I.D.C police station, against Mr. Himanshu Thakkar and Mr. Rakesh Ghoda. Bezel Jewellery has submitted that Mr. Himanshu Thakkar and Mr. Rakesh Ghoda had cheated and defrauded Bezel Jewellery by replacing high quality diamonds belonging to Bezel Jewellery with low quantity diamonds, thus causing a loss of ₹ 6.53 million to Bezel Jewellery. Pursuant to this, the M.I.D.C police station has filed a criminal complaint (CC No. 4318/PW/2005) with the Metropolitan Magistrate, Andheri. This matter is pending before the Metropolitan Magistrate for hearing.

4. Our Subsidiary, Bezel Jewellery has filed a criminal writ petition (WP No. 1531/2006) before the High Court of Bombay against Mr. Himanshu Thakkar and Mr. Rakesh Ghoda for recovery of diamonds, and for quashing of order of the Metropolitan Magistrate, Andheri and the Court of Sessions, Greater Mumbai. It has been submitted that Mr. Himanshu Thakkar and Mr. Rakesh Ghoda had misappropriated diamonds from Bezel Jewellery which were recovered by the police and kept in custody at the M.I.D.C police station. Bezel Jewellery had filed an application (No. 685/N/2005) before the Metropolitan Magistrate for the return of the diamonds, which was rejected by an order dated December 22, 2005. Subsequently, Bezel Jewellery filed a criminal revision application (No. 388 of 2006) before the Court of Sessions, Greater Mumbai which was also dismissed by an order dated April 27, 2006. Aggrieved by the orders of the Metropolitan Magistrate and the Court of Sessions, Greater Mumbai, Bezel Jewellery has filed the present criminal writ petition against the Mr. Himanshu Thakkar and M r. Rakesh Ghoda for the recovery of diamonds. The matter is pending for hearing before the High Court of Bombay.
5. Our Subsidiary, Bezel Jewellery has filed a first information report (FIR No. 264 of 2007) with the Sanganer police station, Jaipur against Mr. Sachin Kachoria. Bezel Jewellery submitted that Mr. Sachin Kachoria had cheated, caused criminal breach of trust and misappropriated goods worth ₹ 1.39 million belonging to Bezel Jewellery by mortgaging them with a shopkeeper in Jaipur instead of delivering them to the customers. Subsequently a complaint has been registered with the Judicial Magistrate, Sanganer Court, Jaipur. The matter is currently pending for hearing before the Sanganer Court.
6. Our Subsidiary, Bezel Jewellery has filed five complaints against various persons under the Negotiable Instruments Act, 1881 in relation to dishonour of cheques. The matters are pending at different stages of adjudication before various courts. The aggregate amount involved in these matters is ₹ 30.43 million.

**B. Tax proceedings involving Bezel Jewellery**

*Direct Tax Proceedings*

Our subsidiary, Bezel Jewellery has filed an appeal against the Deputy Commissioner of Income Tax before the Commissioner of Income Tax (Appeals) involving an amount of ₹ 0.21 million. The appeal has been filed against the demand notice issued by the Deputy Commissioner of Income Tax.

*Indirect Tax Proceedings*

Our Subsidiary, Bezel Jewellery has filed three appeals before the sales tax authority involving an aggregate amount of ₹ 20 million. These appeals have been filed against disallowance of input tax credit by the Assistant Commissioner of Sales Tax, and against sales tax liability imposed on Bezel Jewellery by the Deputy Commissioner of Sales Tax.

**C. Other outstanding litigation involving Bezel Jewellery**

*Civil proceedings initiated against Bezel Jewellery*

There are various notices and proceedings initiated against our Subsidiary, Bezel Jewellery, from time to time, in the ordinary course of its business, in relation to, among others for (i) recovery of outstanding amounts; and (ii) non-payment of salary and other dues of employees. The monetary values of these matters are not material or are not ascertainable. These matters are currently pending at various stages.

**3. Nakshatra Brands**

**A. Pending criminal proceedings involving Nakshatra Brands**

*Criminal proceedings against Nakshatra Brands*

One criminal proceeding is initiated against Nakshatra Brands:

Mr. Babu Bhimrav Kamble, the chief executive officer of United Protection Services, on behalf of Jewelcad Pro Limited and Gemvision Corporation US/UK, has filed a first information report (FIR No. 31/2015) dated February 4, 2015 against our Subsidiary, Nakshatra Brands, Mr. Mehul Choksi and others



with the M.I.D.C police station for unauthorized and illegal use of jewellery design software under the Copyright Act, 1957. The State of Maharashtra, through the M.I.D.C police station, has filed a criminal complaint (No. 1007/PW/2015) with the Metropolitan Magistrate, Andheri against Nakshatra Brands under the provisions of the Copyright Act, 1957 and the Information Technology Act, 2002. Subsequently, the investigating officer seized 12 computers from the office of Nakshatra Brands during the course of investigation. Nakshatra Brands has filed an application (No. 1437/N/2016) before the Metropolitan Magistrate, Andheri for return of the computers which were seized by the investigating officer. The matter is currently pending for hearing before the Metropolitan Magistrate.

#### *Criminal proceedings by Nakshatra Brands*

There are 32 criminal proceedings initiated by Nakshatra Brands:

1. Our Subsidiary, Nakshatra Brands has filed a criminal complaint (CC No. 172/SW/2012) against Ruksmani Jewellers and Mr. Vinay Sagar who is the proprietor of Ruksmani Jewellers before the Metropolitan Magistrate, Andheri. Nakshatra Brands submitted that Ruksmani Jewellers and Mr. Vinay Sagar cheated, caused criminal conspiracy and dishonestly misappropriated certain quantity of gold and silver, thereby causing wrongful loss to Nakshatra Brands. Nakshatra Brands has prayed that Ruksmani Jewellers and Mr. Vinay Sagar be prosecuted and convicted for cheating, causing criminal conspiracy and misappropriation. The court has issued summons to Mr. Vinay Sagar and Ruksmani Jewellers. This matter is pending for hearing.
2. Asmi Jewellery (now merged with Nakshatra Brands) has filed a first information report (FIR No. 232/2010) with the M.I.D.C police station on April 12, 2010 against Mr. Amit Gaine, an employee of Godrej. Nakshatra Brands submitted that Mr. Amit Gaine had purchased gift items of gold, silver and diamonds from Nakshatra Brands by illegally using the letter and rubber stamp of Godrej and had failed to make the payment for these items, thereby cheating Nakshatra Brands of an amount of ₹ 63.38 million. Subsequently, the case was transferred to the economic offence wing and a complaint (No. 753/PW/2010) was registered with the Chief Metropolitan Magistrate, Esplanade. This matter is currently pending investigation.
3. Our Subsidiary, Nakshatra Brands (including Asmi Jewellery and Spectrum) has filed 30 complaints against various persons under the Negotiable Instruments Act, 1881 in relation to dishonour of cheques. The matters are pending at different stages of adjudication before various courts. The aggregate amount involved in the matters is ₹ 57.47 million.

#### ***B. Pending action before statutory or regulatory authorities involving Nakshatra Brands***

There are three matters before statutory or regulatory authorities involving Nakshatra Brands:

Asmi Jewellery (now merged with Nakshatra Brands) has received one show cause notice dated December 12, 2016 and our Subsidiary, Nakshatra Brands has received two show cause notices dated February 14, 2017, from the Employees State Insurance Corporation, SRO-Marol, involving an aggregate amount of ₹ 0.29 million. Asmi Jewellery was directed to make payment of outstanding contributions of employees from the period December 4, 2012 to March 3, 2013, and Nakshatra Brands was directed to pay damages for failure to make contribution and interest on delayed contribution under the Employees State Insurance Act, 1948 and Employees State Insurance (General) Regulations, 1950. There has been no further correspondence in this regard.

#### ***C. Tax proceedings involving Nakshatra Brands***

##### *Direct tax proceedings*

There are six direct tax matters involving Nakshatra Brands:

There are four appeals filed by our Subsidiary, Nakshatra Brands and Asmi Jewellery (now merged with Nakshatra Brands) before the Commissioner of Income Tax (Appeals), against the Income Tax Department, involving an aggregate amount of ₹ 5.19 million. These appeals are filed against the demand notices received from the Income Tax Department for the assessment years 2013-14 and 2014-15.

Further, our Subsidiary, Nakshatra Brands has received two demand notices from the Income Tax Department, directing Nakshatra Brands to pay income tax for the assessment years 2012-13 and 2013-14 amounting to ₹ 0.12 million. Nakshatra Brands has filed a letter of rectification with the Income Tax Department in relation to these notices clarifying that there will be no tax liability after giving credit to TDS.

#### *Indirect Tax Proceedings*

There are five indirect tax matters involving our Subsidiary, Nakshatra Brands and Asmi Jewellery (now merged with Nakshatra Brands Limited), which are filed before various fora, such as the Customs, Excise and Service Tax Appellate Tribunal, Principal Commissioner of Customs, Deputy Commissioner of Sales tax, involving an aggregate amount of ₹ 131.40 million, in relation to, among others, appeal against levy of service tax on reimbursement of share of contribution for actual marketing campaign expenditure incurred for promotion of the trademark of Nakshatra Brands, appeal against demand notices received on account of reduced input tax credit.

Our Statutory Auditors, have, in the Restated Consolidated Financial Statements noted that our Subsidiary, Nakshatra Brands has paid an amount of ₹ 1.19 million under protest to the Delhi Vat authorities in respect of non-sale transactions during the Fiscal 2012. The amount has been shown under balance with the revenue authorities. For further details see “**Financial Statements – Restated Consolidated Financial Statements – Annexure 37**” on page 267.

#### **D. Other Outstanding litigation involving Nakshatra Brands**

##### *Civil proceedings initiated against Nakshatra Brands*

There are various notices and proceedings initiated against our Subsidiary, Nakshatra Brands from time to time, in the ordinary course of its business, in relation to, among others for (i) recovery of outstanding amounts; (ii) recovery of rent, and dues towards leave and license agreement; (ii) non-payment of salary and other dues of the employees; and (iv) notices received under the provisions of the Companies Act for winding up of Nakshatra Brands. The monetary values of these matters are not material or are not ascertainable. The matters are currently pending at various stages.

#### **E. Details of any inquiry, inspection or investigation initiated or conducted under the Companies Act 2013 or the Companies Act 1956 against Nakshatra Brands**

There are three inquiries initiated under the Companies Act against Nakshatra Brands:

1. The RoC has issued two show cause notices to our Subsidiary, Nakshatra Brands and others, and Asmi Jewellery (now merged with Nakshatra Brands) and Mr. Mehul Choksi, dated June 6, 2014 and July 10, 2014 respectively, alleging that Nakshatra Brands and Asmi Jewellery have violated certain provisions of the Companies Act 1956 which requires a company to credit to the Investor Education and Protection Fund certain investor dues accumulated with the company, and the IEPF Rules, which requires a company to upload the information of unclaimed and unpaid amounts of investors lying with the company during the last seven years on its website and on the website of the MCA. The RoC noted that such information was available on the balance sheet of Nakshatra Brands and Asmi Jewellery as on March 31, 2013 but they had not made the form filing with the RoC. Nakshatra Brands Limited and Asmi Jewellery, by letters dated July 1, 2014 and July 14, 2014 respectively have clarified that they were not in violation of the provisions of the Companies Act 1956 and requested the RoC to withdraw the show cause notice. There has been no further correspondence from the RoC in this regard.
2. Our Subsidiary, Nakshatra Brands has received a letter dated May 23, 2016 from the RoC directing Nakshatra Brands to furnish details of its CSR expenditure for the Fiscal 2015 under the provisions of the Companies Act 1956. Nakshatra Brands, by its letter dated June 24, 2016 provided the reasons for its inability to contribute 2% of its net profit to the CSR activities. There has been no further correspondence from the RoC in this regard



**F. Details of prosecutions filed (whether pending or not); fines imposed or compounding of offences done in the last five years by our Subsidiaries.**

In the past, there have been certain instances of non-compliance of provisions of the Companies Act 2013, by our Subsidiaries, GILI India, Bezel Jewellery and Nakshatra Brands, such as:

- non-compliance with Section 149 of the Companies Act 2013 and applicable rules;
- non-appointment with woman director;
- non-compliance with Section 177, Section 178 and Section 135 of the Companies Act 2013 in relation to constitution and composition of the audit committee, nomination and remuneration committee and the corporate social responsibility committee; and
- non-appointment of company secretary/ managing director/chief financial officer.

Our Subsidiaries are in the process of filing applications for compounding of such offences before the relevant authorities, in relation to some of these non-compliances. See “- **Risk Factors - There have been certain instances of non-compliance of provisions of the Companies Act, 2013 by our Company and our Subsidiaries, GILI India, Bezel Jewellery and Nakshatra Brands and we have made applications for compounding of offences in relation such to non-compliances. There can be no assurance that the RoC and/or the National Company Law Tribunal will not take an adverse view and impose penalties on our Company or our Subsidiaries in this regard**” on page 26.

**III. Litigation involving our Directors**

**1. Litigation involving Mr. Mehul Choksi**

**A. Outstanding criminal litigation involving Mr. Mehul Choksi**

*Criminal proceedings against Mr. Mehul Choksi*

There are nine criminal proceedings initiated against Mr. Mehul Choksi:

1. There are six ongoing proceedings under the Negotiable Instruments Act, 1881 in relation to alleged dishonour of cheques before various fora, against Mr. Mehul Choksi. The aggregate amount involved in these proceedings is ₹ 3.72 million, to the extent ascertainable.
2. Aanchal Collection has filed a criminal complaint (No. 535 of 2013) before the Sealdah Civil and Criminal Court, Kolkata against GLL, Mr. Mehul Choksi in capacity of GLL’s MD and others. See “- **Outstanding criminal litigation involving GLL - Criminal Proceedings against GLL**” on page 334.
3. Mr. Amit Bohra has filed a criminal complaint against our Company, our Chairman and Managing Director, Mr. Mehul Choksi and others before the Metropolitan Magistrate, Jaipur. See “- **Pending criminal litigation involving our Company - Criminal Proceedings against our Company**” on page 319.
4. Mr. Sayad Rizvi has filed a criminal revision application (No. 190 of 2016) before the Sessions Court, Allahabad against Maya Retail, Mr. Mehul Choksi and others. See “- **Outstanding criminal litigation involving Maya Retail Limited - Criminal Proceedings against Maya Retail Limited**” on page 335.

*Criminal proceedings by Mr. Mehul Choksi*

There are four criminal proceedings initiated by Mr. Mehul Choksi:

1. Our Chairman and Managing Director, Mr. Mehul Choksi has filed two criminal appeals (No. 3605 of 2016 and 3606 of 2016) against the State of Karnataka and Mr. S.V Hariprasad before the High Court of Karnataka. These appeals have been filed to quash the order dated December 10, 2015 passed by the Additional Chief Metropolitan Magistrate, Bengaluru for appointment of crime investigation department to proceed with the investigation in the criminal complaints (No.48/2015 and 80/2015) filed by Mr. S.V Hariprasad against Mr. Mehul Choksi. Pursuant to this, the police station investigating the matter filed its report with the Additional Chief Metropolitan Magistrate. The High Court of Karnataka, after quashing the order of the Additional Chief Metropolitan Magistrate, remanded the matter to the Additional Chief

Metropolitan Magistrate to decide on the report filed by the police station. The matter is currently pending before the Additional Chief Metropolitan Magistrate.

2. Our Chairman and Managing Director, Mr. Mehul Choksi and others have filed two criminal applications (SCRA No. 4758/2015 and 4759/2015) against the State of Gujarat and Mr. Digvijaysingh Jadeja before the High Court of Gujarat for quashing the first information report (FIR No. 2 of 2015) registered with the Gandhinagar police station by Mr. Digvijaysingh Jadeja and all other proceedings arising subsequently in relation to the first information report. The High Court of Gujarat has granted a stay on further proceedings in connection with the first information report.
3. Mr. Mehul Choksi has filed a criminal revision application (No.114 of 2014) before the City Civil and Sessions Court, Dindoshi against Xora Retail Private Limited challenging the order dated July 3, 2014 passed by the Metropolitan Magistrate, Borivali under the Negotiable Instruments Act, 1881 in relation to dishonour of cheque. The parties have subsequently entered into consent terms which are yet to be filed with the Metropolitan Magistrate.
4. GJRL and Mr. Mehul Choksi, in capacity as GJRL's Managing Director, has filed a criminal revision application (CRL.R.P/242/2016) against Kalash Gold Jewellery before the Additional District and Sessions Judge, Mysore. See “– *Litigation involving our Group Companies - Outstanding criminal litigation involving GJRL*” on page 333.

**B. Pending action by statutory or regulatory authorities against Mr. Mehul Choksi**

There are five matters involving Mr. Mehul Choksi against statutory or regulatory authorities:

1. A show cause notice dated October 26, 2012 was issued by the Deputy General Manager, Integrated Surveillance Department, SEBI against our Chairman and Managing Director, Mr. Mehul Choksi and others, alleging violations under the SEBI Act, the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (the “**FUTP Regulations**”), the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (the “**Takeover Regulations 1997**”) and the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (the “**Takeover Regulations 2011**”). It has been alleged that Mr. Mehul Choksi and certain other entities, including the promoters of GGL (the “**Accused**”) have violated provisions of the SEBI Act, the FUTP Regulations and certain master circulars in relation to certain trades made by the Accused over a period of time in the derivatives segment. Further, it has been alleged that the Accused have violated provisions of the Takeover Regulations 1997 and the Takeover Regulations 2011 by not making a public announcement in respect of the acquisition of five percent of the equity shares of GGL by the Accused. Replies and further submissions have been filed by Mr. Mehul Choksi. Mr. Mehul Choksi and the other entities have denied the allegations made in the SCN by way of a letter dated July 22, 2016.
2. Our Company, our Chairman and Managing Director, Mr. Mehul Choksi and others have received two show cause notices dated January 13, 2017 and January 18, 2017 from the Employees State Insurance Corporation, SRO-Marol. See “– *Litigation involving our Company – Pending action before statutory or regulatory authorities involving our Company*” on page 320.
3. GGL and, Mr. Mehul Choksi in capacity of GGL's Managing Director have received a show cause notice dated October 24, 2014 from the Board of Apprenticeship Training, Mumbai. See “– *Litigation involving GGL – Pending action before statutory or regulatory authorities involving GGL*” on page 331.
4. GGL and Mr. Mehul Choksi, in capacity of GGL's Managing Director have received a show cause notice dated August 10, 2014 from the Development Commissioner, Manikanchan Special Economic Zone, Kolkata. See “– *Litigation involving our Promoters – Pending action by statutory or regulatory authorities against GGL*” on page 331.

**C. Action by statutory or regulatory authorities against Mr. Mehul Choksi**

NSE, pursuant to its circular no. 876/2013 dated July 18, 2013 disabled the unique client code (“UCC”) of our Chairman and Managing Director, Mr. Mehul Choksi and others, for a period of six months or until the conclusion of the investigation by NSE, whichever was earlier, in relation to trading activities in GGL. Subsequently, pending the final outcome of the investigation, NSE, pursuant to its circular 883/2013 dated October 22, 2013 enabled the UCC of Mr. Mehul Choksi and others. Subsequently, Mr. Mehul Choksi has, by a letter dated April 21, 2014, requested SEBI for clarification regarding the status of the investigation in this matter. SEBI, by its letter dated August 7, 2014, informed Mr. Mehul Choksi that the investigation by SEBI has been concluded and no action is contemplated against Mr. Mehul Choksi. There are no pending actions initiated by statutory or regulatory authorities against Mr. Mehul Choksi.

**D. Tax proceedings against Mr. Mehul Choksi**

*Direct tax proceedings*

There are five direct tax matters involving Mr. Mehul Choksi:

There are five matters involving our Chairman and Managing Director, Mr. Mehul Choksi, pending before the Commissioner of Income Tax (Appeals), involving an aggregate amount of ₹ 512.76 million. These matters are in the nature of appeals filed by Mr. Mehul Choksi against addition made to the tax liability of Mr. Mehul Choksi by the assessing officer in relation to, among others, certain alleged cash transactions undertaken by Mr. Mehul Choksi.

**E. Notices received from statutory or regulatory authorities**

The RoC has issued a show cause notice dated July 10, 2014 addressed to Asmi Jewellery (now merged with Nakshatra Brands) and Mr. Mehul Choksi. See “– *Litigation involving our Subsidiaries – Nakshatra Brands – Details of any inquiry, inspection or investigation initiated or conducted under the Companies Act, 2013 or the Companies Act, 1956 against Nakshatra Brands*” on page 327.

**IV. Litigation involving our Promoters**

**1. Litigation involving GGL**

**A. Outstanding criminal litigation involving GGL**

*Criminal proceedings against GGL*

GGL has received two notices under the Negotiable Instruments Act, 1881 in relation to alleged dishonour of cheques. The aggregate amount involved in these notices is ₹ 0.80 million.

*Criminal proceedings by GGL*

There are four criminal proceedings initiated by GGL:

1. GGL has filed a criminal complaint (No. 53/PW/2005) before the Additional Chief Metropolitan Magistrate, Girgaum, against Mr. Ramachandra Putlaji Chivalkar and others for recovery of dues amounting to ₹ 12.17 million. GGL has submitted that Mr. Ramachandra Putlaji Chivalkar obtained cut and polished diamonds worth ₹ 12.17 million from GGL for delivering them to another company. However, he misappropriated the entire stock of diamonds and subsequently sold them to the other co-accused. This matter is pending for further evidence.
2. GGL has filed a criminal complaint (CC No.1093/PW/2013) against Mr. Rakesh Shah and others before the Additional Chief Metropolitan Magistrate, Andheri. GGL has submitted that Mr. Rakesh Shah and others cheated and caused wrongful loss to GGL by obtaining jewellery items worth ₹ 46.20 million from GGL to display them in an exhibition but did not return them back to GGL. GGL further alleged that Mr. Rakesh Shah had falsified and forged relevant documents bearing the description of jewellery supplied on sale or on credit basis. The Additional Chief Metropolitan Magistrate, Andheri, after perusal of the complaint has directed the Powai police station to undertake further investigation in the matter and submit

its report. The matter is currently pending before the Additional Chief Metropolitan Magistrate for investigation.

3. GGL has initiated two proceedings under the Negotiable Instruments Act, 1881 in relation to dishonour of cheques before the Metropolitan Magistrate, Girgaum. The aggregate amount involved in these proceedings is ₹ 29.62 million.

**B. *Pending action by statutory or regulatory authorities against GGL***

There are three matters involving GGL before statutory or regulatory authorities:

1. GGL and Mr. Mehul Choksi, in capacity of GGL's Managing Director, have received a show cause notice dated August 10, 2014 from the Development Commissioner, Manikanchan Special Economic Zone, Kolkata. The Development Commissioner has alleged that GGL had failed to file the annual performance report for its unit in the Manikanchan Special Economic Zone, Kolkata. GGL was asked to show cause as to why penalty should not be imposed and the letter of permission should not be cancelled. GGL by its letter dated October 8, 2014 has given its reply to the show cause notice.
2. GGL has received a notice dated July 15, 2016 from the Legal Metrology Department, Uttar Pradesh stating that GGL had published a wrong advertisement in the daily newspaper 'Hindustan' dated February 11, 2016. The Legal Metrology Department observed that the advertisement only mentioned the amount of jewellery but the weights and measures of the jewellery were not mentioned. GGL is yet to respond to this notice.
3. GGL and Mr. Mehul Choksi, in capacity of GGL's Managing Director have received a show cause notice dated October 24, 2014 from the Board of Apprenticeship Training, Mumbai. The notice was issued directing GGL to submit the information required under the provisions of the Apprentices Act, 1961 to the board within the stipulated time. GGL is yet to respond to this notice.

**C. *Tax proceedings involving GGL***

*Direct tax proceedings*

There are 25 direct tax matters involving GGL:

There are 23 direct tax matters involving GGL and Gitanjali Exports Corporation Limited (now merged with GGL) pending before the Commissioner of Income Tax (Appeals), involving an aggregate amount of ₹ 5,113.61 million. These matters are in the nature of appeals filed by GGL against the Income Tax Department in relation to, among others, disallowance of business expenses, disallowance of exemption and transfer pricing adjustment resulting in increase in GGL's tax liability and an appeal filed against levy of penalty under the Income Tax Act.

Further, GGL has received two notices from the Deputy Commissioner of Income Tax and the income tax officer. These notices are pertaining to transfer pricing assessment and late payment of tax deducted at source amounting to ₹ 0.12 million respectively under the Income Tax Act.

*Indirect tax proceedings*

There are 12 indirect tax matters involving GGL:

There are nine proceedings involving GGL and Gitanjali Exports Corporation Limited, which are pending before various fora, such as Deputy Commissioner of Sales Tax, Joint Commissioner of Sales Tax and Commissioner of Service Tax (Appeals) involving an aggregate amount of ₹ 251.44 million. These proceedings are in the nature of appeals filed against the sales tax department for disallowance of declarations and set off for the Fiscal 2006 and Fiscal 2011, and against the service tax department for service tax levied by the service tax department on commission and value added services.

Further, GGL has received three notices from various authorities, such as the Deputy Commissioner of Sales Tax, and Commissioner of Customs (Import), involving an aggregate amount of ₹ 843.91 million.

The notice received from Commissioner of Customs (Import) was a demand notice directing GGL to pay duty charges amounting to ₹ 1.98 million. The notices received from the Deputy Commissioner of Sales Tax were sent intimating GGL that the sales tax assessment for the Fiscal 2015 was in process.

**D. *Other material outstanding proceedings involving GGL***

There are three material outstanding proceedings involving GGL:

1. GGL has filed a civil suit (No. 418 of 2013) before the High Court of Bombay against Mr. Nitin Lunkad, a local property dealer, for recovery of dues amounting to ₹ 136.82 million along with interest. Mr. Nitin Lunkad had agreed to transfer certain plots of land in Nashik to GGL after acquiring the ownership rights of these plots of land, which GGL was interested in purchasing. However, Mr. Nitin Lunkad failed to acquire the plots of land and transfer them to GGL, pursuant to which the present civil suit has been filed by GGL for recovery of the outstanding amount. This matter is pending for hearing.
2. Forum For A Better Hyderabad has filed a writ petition (No. 6725 of 2009) before the High Court of Andhra Pradesh against Government of India, Ministry of Environment and Forest, New Delhi, Government of Andhra Pradesh (Environment, Forest, Science and Technology Department), GGL and others challenging the allotment of forest land to different private sector organizations and alleged that the allotment of forest land is contrary to the provisions of Forest (Conservation) Act 1980 in respect of alleged unauthorised use of land, which was designated as being forest land. This matter is pending for final hearing.
3. GGL has received a notice from Life Insurance Corporation of India (“LIC”) dated November 15, 2016 pertaining to recovery of dues amounting to ₹ 422.78 million. It is alleged that the dues have accumulated pursuant to LIC granting various credit limit facilities to GGL against non-convertible debentures scheme. Pursuant to this, GGL gave its reply, by way of letter dated December 12, 2016 stating that the debt was already restructured by LIC by their letter dated August 28, 2014 and requested LIC to withdraw the notice. There has been no further correspondence with the LIC in this regard.

There are various notices and proceedings initiated against GGL from time to time, in the ordinary course of its business, in relation to, among others for (i) infringement of trademark by GGL; (ii) non-payment of salary and other dues of employees; (iii) non-payment of rent; (iv) non-payment of outstanding amounts; and (v) notices received under the provisions of the Companies Act for winding up of GGL. The monetary values of these matters are not material or are not ascertainable. These matters are currently pending at various stages.

In the past, GGL has received various notices from the RoC, in relation to violation of certain provisions of the Companies Act, for (i) not filing annual return and holding its annual general meeting within the stipulated time in accordance with the provisions of the Companies Act; (ii) complaint received by the RoC from the shareholders of GGL alleging denial by GGL to provide the hard copies of the balance sheet sought by the shareholders; and (iii) complaint received in relation to the gold coin scheme started by GGL. GGL has replied to all these notices. There has been no further correspondence to the RoC in this regard.

**E. *Winding up petitions involving GGL***

There are two winding up petitions initiated against GGL:

1. Mr. Anand Kapadia has filed a winding up petition (No. 935 of 2015) under the provisions of the Companies Act 1956 before the High Court of Bombay against GGL for recovery of dues amounting to ₹ 6.67 million along with interest. It is alleged that the dues have accumulated pursuant to failure by GGL to pay outstanding dues to Mr. Anand Kapadia for the partial work done by him for GGL under a structural repairing contract entered between him and GGL. Mr. Anand Kapadia had filed a suit against GGL before the Hyderabad City Civil Court. The Hyderabad City Civil Court passed an order dated July 28, 2012 directing GGL to pay the amount due along with interest. GGL failed to make the payment to Mr. Anand Kapadia as directed by the Hyderabad City Civil Court. The present company petition is filed by Mr. Anand Kapadia on failure of GGL to comply with the order. This matter is pending for hearing.
2. Royal Enterprises has filed a winding up petition (No. 713 of 2015) under the provisions of the Companies Act 1956 before the High Court of Bombay against Gitanjali Exports Corporation Limited (now merged



with GGL) under the provisions of the Companies Act 1956 for recovery of dues amounting to ₹ 1.36 million. The dues have accumulated on account of alleged non-payment of the amount due by GECL to Royal Enterprises for interior work done by Royal Enterprises. This matter is pending for hearing

**2. *Litigation involving Mr. Mehul Choksi***

See “– *Litigation involving our Directors – Litigation involving Mr. Mehul Choksi*” on page 328.

**V. *Litigation involving our Group Companies***

**1. *Gitanjali Jewellery Retail Limited (“GJRL”)***

**A. *Outstanding criminal litigation involving GJRL***

*Criminal proceedings against GJRL*

There are four criminal proceedings initiated against GJRL:

1. There are two ongoing proceedings under the Negotiable Instruments Act, 1881 in relation to alleged dishonour of cheques before which are filed before the courts in Chandigarh and Mysore against GJRL. The aggregate amount involved in these proceedings is ₹ 20 million.
2. GJRL has received a notice under the Negotiable Instruments Act, 1881 in relation to alleged dishonour of cheque. The aggregate amount involved in this notice is ₹ 0.40 million.
3. GJRL has received a notice dated December 11, 2014 from Ms. Bindu Bora for recovery of dues amounting to ₹ 0.50 million. Ms. Bindu Bora alleged that GJRL had received the amount from Ms. Bindu Bora for appointing her as a franchisee to GJRL. However, GJRL failed to appoint her as the franchisee, pursuant to which this notice was sent to GJRL claiming refund of the amount from GJRL. Ms. Bindu Bora has alleged GJRL of cheating and causing criminal breach of trust. GJRL is yet to respond to this notice.

*Criminal proceedings by GJRL*

There are three criminal proceedings initiated by GJRL:

1. GJRL has filed a first information report (FIR No. 68 of 2012) before the District Court, Rohini, New Delhi, against Mr. Jaydev Banerjee. GJRL has submitted that Mr. Jaydev Banerjee had stolen a gold chain and other articles amounting to ₹ 0.2 million from a store owned by GJRL. The stolen items were subsequently recovered and are currently in the custody of the District Court.
2. GJRL and Mr. Mehul Choksi, in capacity as GJRL’s Managing Director have filed a criminal revision application (CRL.R.P/242/2016) against Kalash Gold Jewellery before the Additional District and Sessions Judge, Mysore, challenging the order passed by the JMFC Court, Mysore issuing process against GJRL. The order was passed in the criminal complaint (CC No. 1528/2015) filed by the Kalash Gold Jewellery against GJRL before the JMFC Court under the Negotiable Instruments Act, 1881. This matter is pending for hearing before the Additional District and Sessions Judge.
3. GJRL has filed a first information report (No. 218/2014) with the BKC police station against Digvijay Jadeja and others. GJRL has submitted that Digvijay Jadeja and others cheated, caused criminal conspiracy and wrongful loss to GJRL, due to which it has suffered financial loss of approximately ₹ 143.3 million. Pursuant to this, the case was transferred to the economic offence wing and a first information report (No. 42/2015) has been registered by the economic offence wing. The investigating officer, after completing the investigation, filed his report with the Qila Court against which GJRL has filed a protest application with the Qila Court against the report of the investigating officer. This matter is pending for hearing before the Qila Court.

**B. *Tax proceedings against GJRL***

*Indirect tax proceedings*

There are eight indirect tax matters involving GJRL:

There are three appeals filed by GJRL, before various fora, such as the West Bengal Taxation Tribunal and the Commercial Tax Department, Ranchi, involving an aggregate amount of ₹ 3.62 million. These appeals are filed by GJRL against the demand notices issued by the sales tax officer against GJRL and the assessment orders passed by the sales tax officer.

Further, GJRL has received five notices from various authorities, such as the commercial tax departments of Jharkhand, Uttar Pradesh, Maharashtra and the sales tax authority of Kerala involving an aggregate amount of ₹ 22.25 million. These notices are in the nature of demand notices issued by the sales tax authorities for the Fiscal 2011, 2012, 2014, 2015 and 2016.

### **C. *Other material outstanding proceedings involving GJRL***

There are two material outstanding matters involving GJRL:

1. GJRL has filed a civil suit (No. 14/2015) against Digvijaysingh Jadeja and others before the High Court of Gujarat challenging the order dated October 14, 2014 passed by the Civil Judge Senior Division, Vadodara. The order was passed in the civil suit (No. 433 of 2014) filed by GJRL and GGL against Digvijaysingh Jadeja and others, before the Civil Judge Senior Division, Vadodara, for recovery for damages and compensation amounting to ₹ 500 million. This matter is pending for hearing before the High Court of Gujarat.
2. GJRL has received one notice from Ajax Projects for claiming refund of security deposit amounting to ₹ 100 million. The security deposit was given by Ajax against security of the stock of jewellery of GJRL pursuant to GJRL appointing Ajax Projects as a clearing and forwarding agent. GJRL is yet to respond to this notice.

There are various notices and proceedings initiated against GJRL from time to time, in the ordinary course of its business, in relation to, among others for (i) non-payment of salary and other dues of employees; (ii) non-payment of rent, termination of lease, and notice for vacating the premises; (iii) notice received under the provisions of the Companies Act for winding up of GJRL and (iv) non-payment of outstanding amounts. The monetary values of these matters are not material or are not ascertainable. These matters are currently pending at various stages.

### **2. *Gitanjali Lifestyle Limited ("GLL")***

#### **A. *Outstanding criminal litigation involving GLL***

##### *Criminal proceedings against GLL*

One criminal proceeding is initiated against GLL:

1. Aanchal Collection has filed a criminal complaint (No. 535 of 2013) before the Sealdah Civil and Criminal Court, Kolkata against GLL, Mr. Mehul Choksi in capacity of GLL's MD, and others for recovery of dues amounting to ₹ 17.4 million from GLL. The dues are alleged to have accumulated pursuant to GLL deliberately neglecting and avoiding to make payment for the goods which were delivered to them by the Aanchal Collection under a new venture started by them and Aanchal Collection on a shop-in-shop basis. Subsequently, the Sealdah Civil and Criminal Court, Kolkata has passed an order issuing process against the accused. This matter is currently stayed by the High Court of Kolkata as criminal revision application has been filed by GLL before the High Court of Kolkata..

##### *Criminal proceedings by GLL*

There are six criminal proceedings initiated by GLL:

2. GLL has filed a criminal revision application (No. 57 of 2014) before the High Court of Kolkata against Aanchal Collection. The revision application has been filed for quashing the order passed by the Sealdah Civil and Criminal Court, Kolkata issuing process against GLL and our Chairman and Managing Director,

Mr. Mehul Choksi for an offence under the Negotiable Instruments Act, 1881 in the criminal complaint (No. 535 of 2013), filed by Aanchal Collection against GLL before Sealdah Civil and Criminal Court. Subsequently, GLL has also filed an arbitration application (No. 298 of 2014) before the High Court of Bombay for the appointment of arbitrator, which is also pending.

3. GLL has filed a criminal complaint (No. 329/SW of 2014) before the Metropolitan Magistrate, Andheri against Shriram Jairam Syd Jewel Private Limited alleging criminal breach of trust by Shriram Jairam Syd Jewel Private Limited. The amount involved is approximately ₹ 18.65 million. This matter is pending for hearing.
4. GLL has initiated four proceedings against various persons under the Negotiable Instruments Act, 1881 in relation to dishonour of cheques before the courts in Mumbai and Delhi. The aggregate amount involved in these proceedings is ₹ 61.20 million.

**B. Pending action by statutory or regulatory authorities against GLL**

The following matter is pending against GLL before statutory or regulatory authorities:

GLL and ICICI Bank have received a prohibitory order dated April 28, 2015 from the Employees State Insurance Corporation, Lower Parel intimating GLL about its failure to make payment of arrears amounting to ₹ 1.04 million and directing ICICI Bank to remit the amount of ₹ 1.05 million standing to the credit of the account held by GLL with ICICI Bank to the Employees State Insurance Corporation fund account. Pursuant to this, GLL submitted an application dated May 20, 2015 with the Employees State Insurance Corporation, Lower Parel for refund of the amount.

**C. Tax proceedings against GLL**

*Indirect tax proceedings*

GLL has received three notices the Deputy Commissioner of Sales Tax, involving an aggregate amount of ₹ 262.56 million, directing GLL to pay sales tax and value added tax for the Fiscal 2012. GLL has filed a letter of rectification with the Deputy Commissioner of Sales Tax in relation to these notices.

**D. Other material outstanding litigation involving GLL**

1. GLL has filed an arbitration petition (No. 934 Of 2016) before the High Court of Bombay against Dhalla Gems Private Limited, challenging the award dated February 21, 2016 passed by the arbitrator in the arbitration proceedings (No. 16 of 2015) initiated by Dhalla Gems Private Limited against GLL directing GLL to pay Dhalla Gems Private Limited a sum of ₹ 1,115.63 million. The High Court of Bombay has ordered a stay on the award by its order dated October 27, 2016. The parties have entered into consent terms which are yet to be filed with the High Court of Bombay.

There are various notices and proceedings initiated against GLL from time to time, in the ordinary course of its business, in relation to, among others for (i) non-payment of salary and other dues of employees; (ii) notice received under the provisions of the Companies Act for winding up of GLL; and (iii) non-payment of rent and notice for vacating the premises. The monetary values of these matters are not material or are not ascertainable. These matters are currently pending at various stages.

**3. Maya Retail Limited (“Maya Retail”)**

**A. Outstanding criminal litigation involving Maya Retail**

*Criminal proceedings against Maya Retail*

There are six criminal proceedings initiated against Maya Retail:

1. Mr. Sayad Rizvi has filed a criminal revision application (No. 190 of 2016) before the Sessions Court, Allahabad against Maya Retail, Mr. Mehul Choksi and others alleging that Maya Retail had defaulted in making payment of electricity, water and rent charges amounting to ₹ 3.57 million of the premises acquired



from Mr. Sayad Rizvi pursuant to which Mr. Sayad Rizvi filed a criminal complaint against Maya Retail before the Additional Chief Judicial Magistrate, Allahabad. This revision application has been filed against the order dated February 1, 2016 passed by the Additional Chief Judicial Magistrate, rejecting the complaint filed by Mr. Sayad Rizvi. This matter is pending before the Sessions Court, Allahabad for hearing.

2. There are four ongoing proceedings under the Negotiable Instruments Act, 1881 in relation to alleged dishonour of cheques before courts in New Delhi, Chandigarh and Mumbai against Maya Retail Limited. The aggregate amount involved in these proceedings is ₹ 6.46 million.
3. Further, Maya Retail has also received one notice under the Negotiable Instruments Act, 1881 in relation to alleged dishonour of cheques for an amount of ₹ 0.26 million. Maya Retail has not replied to this notice.

**B. Tax proceedings against Maya Retail**

*Direct tax proceedings*

There is one appeal filed by Maya Retail, before the Commissioner of Income Tax (Appeals) involving an aggregate amount of ₹ 4.89 million. The appeal is filed against the tax liability determined by the assessing officer pursuant to completion of assessment.

**C. Other outstanding litigation involving Maya Retail**

There are various notices and proceedings initiated against Maya Retail from time to time, in the ordinary course of its business, in relation to, among others (i) non-payment of rent; (ii) notice for recovery of outstanding amounts and (iii) notice received under the provisions of the Companies Act for winding up of Maya Retail. The monetary values of these matters are not material or are not ascertainable. These matters are currently pending at various stages.

**4. Gitanjali Infratech Limited (“GIL”)**

**A. Tax Proceedings involving GIL**

*Direct Tax Proceedings*

There are six direct tax matters involving GIL:

There are five appeals filed by GIL, pending before the Income Tax Appellate Tribunal involving an aggregate amount of ₹ 6.75 million. These appeals are filed by GIL against the income tax department in relation to disallowance of the expenses resulting in increase in tax liability of GIL.

Further, GIL has received a demand notice from the Income Tax Department in relation to interest on late payment of tax deducted at source amounting to ₹ 0.45 million. GIL has not replied to this notice.

*Indirect Tax Proceedings*

GIL has received six notices from the Commissioner of Service Tax and the Sales Tax Department, involving an aggregate amount of ₹ 6.56 million, in relation to, among others, short payment of service tax by GIL, and notice from the Sales Tax Department directing GIL to get their accounts audited.

**5. Jewelsouk Marketplace Limited (“Jewelsouk”)**

**A. Tax Proceedings involving Jewelsouk**

*Direct Tax Proceedings*

Jewelsouk has filed three appeals before various fora such as the Assistant Commissioner of Income Tax and the Deputy Commissioner of Income Tax, involving an aggregate amount of ₹ 6.04 million. These appeals are filed by Jewelsouk against disallowance of expenses by the income tax authorities.

**B. Other outstanding litigation involving Jewelsouk**

There are various notices and proceedings initiated against Jewelsouk from time to time, in the ordinary course of its business, in relation to, among others for (i) non-payment of salary and other dues of employees; and (ii) notice received under the provisions of the Companies Act for winding up of Jewelsouk. The monetary values of these matters are not material or are not ascertainable.

**6. MMTC Gitanjali Limited (“MMTC Gitanjali”)**

**A. Outstanding criminal litigation involving MMTC Gitanjali**

*Criminal Proceedings against MMTC Gitanjali*

MMTC Gitanjali has received a notice under the Negotiable Instruments Act, 1881, in relation to alleged dishonour of cheques involving an aggregate amount of ₹ 0.18 million.

**B. Tax Proceedings involving MMTC Gitanjali**

*Indirect Tax Proceedings*

There is one appeal filed by MMTC Gitanjali, which is pending before the Special Objection Hearing Authority, Delhi, involving an aggregate amount of ₹ 22.12 million. The appeal is filed against the order of the assistant commissioner of sales tax determining additional sales tax liability of MMTC Gitanjali.

**C. Other outstanding matters involving MMTC**

There is one notice received by MMTC Gitanjali in relation to recovery of rent. The monetary value of this notice is not material.

**D. Winding up petitions involving our Group Companies**

*GJRL:*

There are four winding up petitions initiated against GJRL:

1. Outdoor Media Integrate Div of Laqshya Media Private Limited has filed a winding up petition (No. 937 of 2015) before the High Court of Bombay against GJRL under the Companies Act 1956 for recovery of dues amounting to ₹ 1.56 million along with interest. The dues are alleged to have accumulated pursuant to non- receipt of the balance outstanding amount by Outdoor Media Integrate from GJRL in relation to the purchase of several media formats made by GJRL from Outdoor Media Integrate Div for advertisement at various sites in Hyderabad. This matter is pending for admission.
2. Ms. Rajni Bagla has filed a winding up petition (No. 210 of 2016) before the High Court of Bombay against GJRL under the Companies Act 1956 for recovery of dues amounting to ₹ 13.56 million along with interest. The dues are alleged to have accumulated pursuant to default committed by GJRL with respect to payment of the minimum guarantee amount to Ms. Rajni Bagla equivalent to 12 per cent per annum of the amount deposited by her in terms of the franchise arrangement entered into between GJRL and Ms. Rajni Bagla. This matter is pending for admission.
3. Mr. Anil Bagla has filed a winding up petition (No. 211 of 2016) before the High Court of Bombay against GJRL under the provisions of the Companies Act 1956 for recovery of dues amounting to ₹ 6.93 million along with interest. The dues are alleged to have accumulated pursuant to default by GJRL in payment of the monthly rental and the corresponding service tax in relation to the premises belonging to Mr. Anil Bagla acquired by GJRL on a monthly rental basis. This matter is pending for admission
4. Kalash Gold Jewellery has filed a winding up petition (No. 807 of 2015) before the High Court of Bombay against GJRL under the provisions of the Companies Act 1956 for recovery of dues amounting to ₹ 17 million along with interest. GJRL is alleged to have issued a cheque amounting to ₹ 10 million to Kalash

Gold Jewellery in terms of an agreement appointing Kalash Gold Jewellery as franchisee of GJRL, which was dishonoured. This matter is pending for admission.

#### *Maya Retail*

One winding up petition is initiated against Maya Retail:

Credo Brands Marketing Private Limited has filed a winding up petition (No. 641 of 2015) before the High Court of Bombay against Maya Retail under the provisions of the Companies Act 1956 for recovery of dues amounting to ₹ 19.16 million along with interest. Credo Brands Marketing Private Limited had supplied readymade garments to the stores owned by Maya Retail. The dues are alleged to have accumulated on account of non-receipt of the outstanding amount owed by Maya Retail to Credo Brands Marketing Private Limited. This matter is pending for hearing.

#### *GLL*

One winding up petition is initiated against GLL:

Radiant Enterprises has filed a winding up petition (No. 946 of 2015) before the High Court of Bombay against GLL under the provisions of the Companies Act 1956 for recovery of dues amounting to ₹ 1.65 million. The dues are alleged to have accumulated on account of default on the part of GLL for payment of consideration for clearing and forwarding services provided by Radiant Enterprises to GLL. This matter is pending for admission.

### **VI. *Material developments since the last balance sheet date***

To our knowledge, except as otherwise disclosed in this section, there have been no significant developments since September 30, 2016, the date of our Restated Financial Statements contained in this Draft Red Herring Prospectus, which materially affect, or are likely to affect, our operations or profitability, or the value of our assets, or our ability to pay our material liabilities, within the next 12 months.

Except as stated in “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Significant Developments*” on page 293, there is no development subsequent to September 30, 2016, that is expected to have a material impact on our reserves, profits, earnings per share and book value.

## GOVERNMENT AND OTHER APPROVALS

*We have received the necessary consents, licenses, permissions and approvals from the GoI and various governmental agencies required for our present or proposed business operations and, except as disclosed in this Draft Red Herring Prospectus, no further material approvals are required for carrying on our present or proposed business operations. Some of our approvals may lapse from time to time, in the ordinary course of business and applications for renewal of these approvals are submitted in accordance with applicable procedures and requirements.*

*The main objects clause and objects incidental to the main objects, in our Memorandum of Association enable our Company to undertake its existing and proposed activities.*

### **I. Incorporation Details of our Company**

1. Certificate of incorporation dated December 18, 1995 issued to our Company by the RoC in Mumbai.
2. A fresh certificate of incorporation dated January 29, 2004 issued to our Company by the RoC in Mumbai on account of change of name from 'Gitanjali Plantations Private Limited' to 'Fantasy Diamond Cuts Private Limited'.
3. A fresh certificate of incorporation dated June 4, 2009 issued to our Company by the RoC in Mumbai on account of change of name from 'Fantasy Diamond Cuts Private Limited' to 'Fantasy Jewellery Private Limited'.
4. A fresh certificate of incorporation dated December 14, 2010 issued to our Company by the RoC in Mumbai on account of change of name from 'Fantasy Jewellery Private Limited' to 'Gitanjali Brands Private Limited'.
5. A fresh certificate of incorporation dated December 29, 2010 issued to our Company by the RoC on account of change of name from 'Gitanjali Brands Private Limited' to 'Gitanjali Brands Limited' upon conversion to a public limited company.
6. A fresh certificate of incorporation dated November 11, 2016 issued to our Company by the RoC in Mumbai on account of change of name from 'Gitanjali Brands Limited' to 'Nakshatra World Limited'.

### **II. Approvals Related to the Issue**

#### *Corporate Approvals:*

1. The Board has, pursuant to its resolution dated October 24, 2016, authorized the Issue, subject to the approval of the shareholders of our Company under Section 62 (1) (c) of the Companies Act 2013.
2. Our shareholders have, pursuant to their resolution dated December 21, 2016, authorized the Issue, in terms of Section 62 (1) (c) of the Companies Act 2013.

#### *In-principle listing approvals:*

1. In-principle approval from BSE dated [●].
2. In-principle approval from NSE dated [●].

### **III. Approvals in Relation to our Company's Operations**

Our Company has one manufacturing unit in Hyderabad located in an SEZ. See "***Our Business – Our Jewellery Manufacturing Operations***" on page 127.

The following are the approvals received by our Company for its business:

*Importer Exporter Code:*

S. No.	Particulars	Registration/Reference/License Number	Date of registration/renewal	Date of expiry
1.	Certificate of importer exporter code issued by the Additional Directorate General of Foreign Trade, Ministry of Commerce, GoI	IEC 0305074857	February 1, 2006	Valid until cancellation

*Gem and Jewellery Export Promotion Council:*

S. No.	Particulars	Registration/Reference/License Number	Date of registration/renewal	Date of expiry
1.	Certificate of renewal of ordinary membership issued under the silver jewellery panel by the Gem and Jewellery Export Promotion Council, Mumbai	GJEPC/HO-MUM (M)/G04409/OM/V II	May 3, 2016	For the year 2016-2017

*Special Economic Zone:*

S. No.	Particulars	Registration/Reference/License Number	Date of registration/renewal	Date of expiry
1.	Letter of renewal issued under the Special Economic Zones Act, 2005 and the rules by the office of the Development Commissioner, Visakhapatnam Special Economic Zone	9/054/SEZ/HYD/20 09/1279/SEZ	December 24, 2016	March 23, 2020

*Tax Related Registrations:*

1. Permanent Account Number: AAACG2896B.
2. Tax Deduction Account Number: MUMF04458G.
3. Service tax registration: AAACG2B96BSD003.

*Micro, Small and Medium Enterprises Registration and Environment Approvals:*

S. No.	Particulars	Registration/Reference/License Number	Date of registration/renewal	Date of expiry
1.	Acknowledgement under the Micro, Small and Medium Enterprises Development Act, 2006 issued for the manufacturing unit located in Hyderabad	TS02A0003156	April 28, 2016	Valid until cancellation

*Tax and VAT Registrations:*

Our Company has several offices in various states falling under the respective profession tax legislations. Accordingly, our Company has obtained various licenses and registrations including professional tax which are required to operate our offices. Certain approvals / licenses may have lapsed in their normal course and our Company has either made an application to appropriate authorities for renewal of such registrations or is in the process of making such applications. Further, pursuant to the change of name of our Company from 'Gitanjali Brands Limited' to 'Nakshatra World Limited', our Company has either made an application to appropriate authorities for change of the name on the certificates of such registrations or is in the process of making such applications.

Our Company also applies for / obtains VAT and TIN registrations for its offices in various states (wherever required) in its normal course of business.

#### *Other Approvals:*

Our Company has obtained registrations in the normal course of business for its branches across various states in India under the applicable shops and establishments laws, employees' provident fund organisation and trade license legislations. Certain licenses may have lapsed under their normal course and our Company has either made an application to the appropriate authorities for fresh registrations or renewal of existing registrations or is in the process of making such applications. Our Company has made applications to various regulatory authorities such as the Office of the Provident Fund Commissioner, Income Tax Department, Employee's State Insurance Corporation for change of our Company's name from 'Gitanjali Brands Limited' to 'Nakshatra World Limited'.

#### **IV. Approvals in Relation to our Company's Intellectual Property**

##### *Trademarks*

We own the following trademarks registered under the Trademarks Act, 1999:

S. No.	Description	Class	Registration No.	Date of Registration	Date of Expiry
1.	Adler & Roth	14	2168934	July 01, 2011	July 1, 2021
2.	Donatella	14	2168936	July 01, 2011	July 1, 2021
3.	Adler & Roth (logo)	14	2168938	July 01, 2011	July 1, 2021
4.	RIVAAZ	14	855286	May 07, 1999	May 7, 2019
5.	DONATELLA (logo)	14	2168932	July 1, 2011	July 1, 2021
6.	DONATELLA (logo)	35	2168939	July 1, 2011	July 1, 2021
7.	DONATELLA	35	2168935	July 1, 2011	July 1, 2021
8.	KASHVI THE CIRCLE OF LIFE	14	1695017	June 4, 2008	June 4, 2018

Additionally, we have made the following applications for the registration of our trademarks, which are pending as on the date of this Draft Red Herring Prospectus:

S. No.	Description	Class	Application No.	Date of Application
1.	Adler & Roth	35	2168933	July 1, 2011
2.	Adler & Roth (logo)	35	2168937	July 1, 2011
3.	DIYA BY GITANJALI	35	2323649	April 30, 2012
4.	NIZAM (logo)	35	2314863	April 13, 2012
5.	NIZAM (logo)	14	2314864	April 13, 2012
6.	Nakshatra World (logo)	14	3433092	December 15, 2016

#### **V. Approvals in Relation to our Subsidiaries' Operations**

GILI India has three manufacturing units in Mumbai, Surat and Hyderabad respectively. Bezel Jewellery has one manufacturing unit in Hyderabad. Nakshatra Brands has three manufacturing units in Mumbai, Jaipur and Hyderabad respectively. For further details of our jewellery manufacturing operations, see "***Our Business – Our Jewellery Manufacturing Operations***" on page 127.

**i. Gili India Limited (“GILI India”)**

The following are the approvals received by GILI India for its business:

*Importer Exporter Code:*

S. No.	Particulars	Registration/Reference/License Number	Date of registration/renewal	Date of expiry
1.	Certificate of importer exporter code issued by the Additional Director General of Foreign Trade, Ministry of Commerce, GoI	IEC 0393074382	March 8, 1994	Valid until cancellation

*Gem and Jewellery Export Promotion Council:*

S. No.	Particulars	Registration/Reference/License Number	Date of registration/renewal	Date of expiry
1.	Certificate of renewal of ordinary membership issued under the gold jewellery panel by the Gem and Jewellery Export Promotion Council, Mumbai	GJEPC/HO-MUM (M)/G05169/OM/V III	May 3, 2016	For the year 2016-2017

*Special Economic Zone:*

S. No.	Particulars	Registration/Reference/License Number	Date of registration/renewal	Date of expiry
2.	Letter of renewal issued under the Special Economic Zones Rules, 2006 and the rules by the office of the Development Commissioner, Surat Special Economic Zone for setting up of a plain and studded gold/platinum/silver jewellery in Unit number 6 on plot number 296, Surat Special Economic Zone, Sachin, Surat	SSEZ/II/23/2006-07/1112	December 21, 2012	January 10, 2018
3.	Letter of approval issued under the Special Economic Zones Act, 2005 and the rules by the office of the Development Commissioner, Visakhapatnam Special Economic Zone for setting up of a plain and studded diamonds gold/platinum/silver jewellery, precious and semi-precious stones in Hyderabad	9/087/SEZ/HYD/2010	November 9, 2010	July 18, 2018

*Tax Related Registrations:*

1. Permanent Account Number: AABCG4027B.
2. Tax Deduction Account Number: MUMG06547C.
3. Service tax registration: AABCG4027BST001.
4. Central Excise registration for business premises: AABCG4027BEM005.
5. GILI India has several offices in various states falling under the respective profession tax legislations. Accordingly, GILI India has obtained various licenses and registrations which are required to operate its offices. Certain approvals / licenses may have lapsed in their normal course and GILI India has either made an application to appropriate authorities for renewal of such registrations or is in the process of making such applications. Further, pursuant to the change of name of GILI India from ‘Gitanjali Jewels Limited’ to ‘Gili



India Limited', GILI India has either made an application to appropriate authorities for change of the name on the certificates of such registrations or is in the process of making such applications.

6. GILI India also applies for / obtains VAT and TIN registrations for its offices in various states (wherever required) in its normal course of business.

*Factories License, Micro, Small and Medium Enterprises Registration and Environment Approvals:*

S. No.	Particulars	Registration/Reference/License Number	Date of registration/renewal	Date of expiry
1.	Acknowledgement under the Micro, Small and Medium Enterprises Development Act, 2006 issued for the manufacturing unit located at plot number 90 and 131, Marol Industrial Estate M.V Road, Marol, Andheri East Mumbai 400 059	MH19C0001986	March 24, 2016	Valid until cancellation
2.	Consent to operate under Air Act and Water Act, issued by the Regional Officer, Maharashtra Pollution Control Board, Mumbai for its facilities at plot number 131, Marol Industrial Estate M.V Road, Marol, Andheri East Mumbai 400 059*	MPCB/ROM/MU-43/5-12/CC/CR-1537	November 17, 2012	March 31, 2018
3.	Consent to operate under Air Act and Water Act, issued by the Regional Officer, Maharashtra Pollution Control Board, Mumbai for its facilities at plot number 90, Marol Industrial Estate M.V Road, Marol, Andheri East Mumbai 400 059**	MPCB/ROM/MU-43/5-12/CC/CR-1538	November 17, 2012	August 31, 2017

\* Consent is in the name of M/s. S.S. Engineering Works, the licensor of the premises.

\*\* Consent is in the name of M/s. Rajindra Industries, the licensor of the premises.

*Application made for renewal by GILI India, which are pending as on the date of this Draft Red Herring Prospectus:*

- Renewal of registration and license under Factories Act, 1948 from the Chief Inspector of Factories, Maharashtra for its facility at plot number 90 and 131, Marol Industrial Estate M.V Road, Marol, Andheri East Mumbai 400 059.

*Approvals for which applications are yet to be made:*

- Renewal of license under the Legal Metrology Act, 2009 from the Chief Examination Officer, Food, Civil Supplies And Consumer Protection Department, Government of Maharashtra for its facility at plot number 90 and 131, Marol Industrial Estate M.V Road, Marol, Andheri East Mumbai 400 059.

*Other Approvals:*

GILI India has obtained registrations in the normal course of business for its offices across various states in India under the applicable shops and establishments laws, employees' provident fund organisation and trade license legislations. Certain licenses may have lapsed under their normal course and GILI India has either made an application to the appropriate authorities for fresh registrations or renewal of existing registrations or is in the process of making such applications. GILI India has made applications to various regulatory authorities such as the Gems and Jewellery Export Promotion Council for renewal of registration-cum-membership certificate.



**ii. Bezel Jewellery India Private Limited (“Bezel Jewellery”)**

The following are the approvals received by Bezel for its business:

*Importer Exporter Code:*

S. No.	Particulars	Registration/Reference/License Number	Date of registration/renewal	Date of expiry
1.	Certificate of importer exporter code issued by the Office of Zonal Director General of Foreign Trade, Ministry of Commerce and Industry, GoI	IEC 0304058548	November 11, 2004	Valid until cancellation

*Gem and Jewellery Export Promotion Council:*

S. No.	Particulars	Registration/Reference/License Number	Date of registration/renewal	Date of expiry
1.	Certificate of renewal of ordinary membership issued under the gold jewellery panel by the Gem and Jewellery Export Promotion Council, Mumbai	GJEPC/HO-MUM (M)/G03177/OM/IV	April 22, 2016	For the year 2016-2017

*Special Economic Zone:*

S. No.	Particulars	Registration/Reference/License Number	Date of registration/renewal	Date of expiry
1.	Certificate of renewal of approval for setting up a unit for plain and studded gold/silver/platinum jewellery with diamonds, precious and semi-precious stones from the office of the Development Commissioner Visakhapatnam Special Economic Zone under the Special Economic Zone Act, 2005	9/053/SEZ/HYD/2009/1380/SEZ	February 13, 2017	February 8, 2022

*Tax Related Registrations:*

- Permanent Account Number: AABCD8519M.
- Tax Deduction Account Number: MUMD10705C.
- Service tax registration: AABCD8519MST001.
- Bezel Jewellery has several offices in various states falling under the respective profession tax legislations. Accordingly, Bezel Jewellery has obtained various licenses and registrations which are required to operate its offices. Certain approvals / licenses may have lapsed in their normal course and Bezel Jewellery has either made an application to appropriate authorities for renewal of such registrations or is in the process of making such applications. Further, pursuant to the change of name of Bezel Jewellery from ‘D’damas Jewellery (India) Private Limited’ to ‘Bezel Jewellery (India) Private Limited’, Bezel Jewellery has either made an application to appropriate authorities for change of the name on the certificates of such registrations or is in the process of making such applications.
- Bezel Jewellery also applies for / obtains VAT and TIN registrations for its offices in various states (wherever required) in its normal course of business.

*Other Approvals:*

Bezel Jewellery has obtained registrations in the normal course of business for its offices across various states in India under the applicable shops and establishments laws, employees' provident fund organisation and trade license legislations. Certain licenses may have lapsed under their normal course and Bezel Jewellery has either made an application to the appropriate authorities for fresh registrations or renewal of existing registrations or is in the process of making such applications. Bezel Jewellery has made applications to various regulatory authorities such as Deputy Commissioner of Central Excise, Employees' Provident Fund Organisation, Employees' State Insurance Corporation and Maharashtra Labour Welfare Fund for changing its name from 'D'damas Jewellery (India) Private Limited' to 'Bezel Jewellery (India) Private Limited'.

**iii. Nakshatra Brands Limited ("Nakshatra Brands")**

The following are the approvals received by Nakshatra Brands for its business:

*Importer Exporter Code:*

S. No.	Particulars	Registration/Reference/License Number	Date of registration/renewal	Date of expiry
1.	Certificate of importer exporter code issued by the Additional Directorate General of Foreign Trade, Ministry of Commerce and Industry, GoI	IEC 0304048542	September 30, 2004	Valid until cancellation

*Gem and Jewellery Export Promotion Council:*

S. No.	Particulars	Registration/Reference/License Number	Date of registration/renewal	Date of expiry
1.	Certificate of renewal of ordinary membership issued under the gold jewellery panel by the Gem and Jewellery Export Promotion Council, Mumbai	GJEPC/HO-MUM (M)/G02505/OM/V III	May 3, 2016	For the year 2016-2017

*Tax Related Registrations:*

1. Permanent Account Number: AACCB4270E.
2. Tax Deduction Account Number: MUMB13701C.
3. Service tax registration: AABCG4270ESD001.
4. The Central Excise registration for business premises: AABCG4270EEM004.
5. Nakshatra Brands has several offices in various states falling under the respective profession tax legislations. Accordingly, Nakshatra Brands has obtained various tax related licenses and registrations which are required for its operations. Certain registrations / licenses may have lapsed in their normal course and Nakshatra Brands has either made an application to appropriate authorities for renewal of such registrations or is in the process of making such applications. Further, pursuant to the change of name of Nakshatra Brands from 'Brightest Circle Jewellery Limited' to 'Nakshatra Brands Limited', Nakshatra Brands has either made an application to appropriate authorities for change of the name on the certificates of such registrations or is in the process of making such applications.
6. Nakshatra Brands also applies for/obtains VAT and TIN registrations for its offices in various states (wherever required) in its normal course of business.

*Factories license, Micro, Small and Medium Enterprises Registration and Environment Approvals:*

S. No.	Particulars	Registration/Reference/License Number	Date of registration/renewal	Date of expiry
1.	Registration and license for the manufacturing of gold, diamond and studded jewellery issued under Factories Act, 1948 by the Chief Inspector of Factories, Rajasthan for the unit located at G-129 EPIP Zone, Sitapura Industrial Area, Jaipur	RJ-30268	January 4, 2013	March 31, 2017
2.	Acknowledgement under the Micro, Small and Medium Enterprises Development Act, 2006 for the manufacturing of gold and diamond, studded and silver jewellery from the District Industrial Centre, Jaipur	RJ17A0042344	January 18, 2017	Valid until cancellation
3.	Acknowledgement under the Micro, Small and Medium Enterprises Development Act, 2006 for the manufacturing unit in Mumbai	MH19B0001987	March 24, 2016	Valid until cancellation
4.	Letter of renewal issued under the Special Economic Zones Act, 2005 by the office of the Development Commissioner, Visakhapatnam Special Economic Zone for setting up of a unit for gold/silver/platinum jewellery manufacturing, plain and studded diamonds and precious/semi-precious stones	9/052/SEZ/HYD/2009/1087/SEZ	September 21, 2016	September 14, 2021

*Application made for renewal by Nakshatra Brands, which are pending as on the date of this Draft Red Herring Prospectus:*

- Renewal of the Consent to Establish under the Air Act and Water Act, from the Rajasthan State Pollution Control Board for the manufacturing facility at G1-29, RIICO Industrial Area, Sitapura, Jaipur.
- Consent to Operate under the Air Act and Water Act, from the Rajasthan State Pollution Control Board for the manufacturing facility at G1-29, RIICO Industrial Area, Sitapura, Jaipur.
- Renewal of registration and license issued under Factories Act, 1948 from the Chief Inspector of Factories, Maharashtra for the unit located at plot number 20, Marol Cooperative Industrial Estate, Andheri, Mumbai.

*Approvals for which applications are yet to be made:*

- Renewal of Consent to Operate from the Maharashtra Pollution Control Board, Mumbai for the manufacturing facility at plot number 20, Marol Industrial Estate, Mathurdas Vasanji Road, Marol, Andheri (East), Mumbai. The consent is in the name of M/s Naresh Enterprises, the licensor of the premises, who is yet to make an application for renewal.

*Other Approvals:*

Nakshatra Brands has obtained registrations in the normal course of business for its office across various states in India under the applicable shops and establishments laws, employees' provident fund organisation and trade license legislations. Certain licenses may have lapsed under their normal course and our Nakshatra Brands has either made an application to the appropriate authorities for fresh registrations or renewal of existing registrations or is in the process of making such applications such as to the Office of the Director of Industrial Health and Safety. Nakshatra Brands has made applications to various regulatory authorities such as Employees' State Insurance Corporation and the office of the Regional Provident Fund Commissioner for changing its name from 'Brightest Circle Jewellery Limited' To 'Nakshatra Brands Limited'. Further Nakshatra Brands has made an

application to the Gems and Jewellery Export Promotion Council for renewal of registration-cum-membership certificate.

## VI. Approvals in Relation to our Subsidiaries' Intellectual Property

### Trademarks

Our Subsidiaries own the following trademarks registered under the Trademarks Act, 1999:

S. No.	Description	Class	Registration No.	Date of Registration	Date of Expiry
<b>GILI India</b>					
1.	GILI WORLD	35	1691764	May 27, 2008	May 27, 2018
2.	GILI WORLD	42	1691765	May 27, 2008	May 27, 2018
3.	(Logo)	14	1965749	May 14, 2010	May 14, 2020
4.	(Logo)	14	1965750	May 14, 2010	May 14, 2020
5.	GILI (Label)	14	1250034	November 17, 2003	November 17, 2023
6.	GILI	21	855280	May 7, 1999	May 7, 2019
7.	GILI	18	855281	May 7, 1999	May 7, 2019
8.	GILI	3	855282	May 7, 1999	May 7, 2019
9.	GILI	16	855283	May 7, 1999	May 7, 2019
10.	GILI	28	855284	May 7, 1999	May 7, 2019
11.	GILI	15	855285	May 7, 1999	May 7, 2019
12.	GILI	33	855279	May 7, 1999	May 7, 2019
<b>Bezel Jewellery</b>					
1.	LAMHE – SOME GIFTS ARE TIMELESS	14	2076276	December 28, 2010	December 28, 2020
2.	LAMHE – SOME GIFTS ARE TIMELESS	35	2076277	December 28, 2010	December 28, 2020
3.	SAUMYA THE POWER OF JEWELLERY	14	2076278	December 28, 2010	December 28, 2020
4.	SAUMYA THE POWER OF JEWELLERY	35	2076279	December 28, 2010	December 28, 2020
<b>Nakshatra Brands</b>					
1.	ASMI	14	1112058	June 17, 2002	June 17, 2022
2.	ASMI	35	1246543	October 29, 2003	October 29, 2023
3.	NAKSHATRA	4	2479823	February 18, 2013	February 18, 2023
4.	NAKSHATRA	6	2479825	February 18, 2013	February 18, 2023
5.	NAKSHATRA	7	2479826	February 18, 2013	February 18, 2023
6.	NAKSHATRA	12	2479831	February 18, 2013	February 18, 2023
7.	NAKSHATRA	13	2479832	February 18, 2013	February 18, 2023
8.	NAKSHATRA	15	2479834	February 18, 2013	February 18, 2023
9.	NAKSHATRA	20	2479837	February 18, 2013	February 18, 2023
10.	NAKSHATRA	22	2479839	February 18, 2013	February 18, 2023
11.	NAKSHATRA	23	2479840	February 18, 2013	February 18, 2023
12.	NAKSHATRA	26	2479842	February 18, 2013	February 18, 2023
13.	NAKSHATRA	28	2479844	February 18, 2013	February 18, 2023
14.	NAKSHATRA	33	2479849	February 18, 2013	February 18, 2023
15.	NAKSHATRA	39	2479854	February 18, 2013	February 18, 2023
16.	SANGINI (label)	14	1687468	May 15, 2008	May 15, 2018
17.	SANGINI	14,35	1281579	April 29, 2004	April 29, 2024
18.	PARINEETA (WEDDING COLLECTION) write below	14	1843542	July 24, 2009	July 24, 2019
19.	SAGAE (DIAMOND ENGAGEMENT RING) write up to SAGAE	14	1843541	July 24, 2009	July 24, 2019

Our Subsidiaries have made the following applications for the registration of our trademarks, which are pending as on the date of this Draft Red Herring Prospectus:

S. No.	Description	Class	Application No.	Date of Application
<b>GILI India</b>				
1.	GILI	14	1908997	January 14, 2010
2.	SAGAE diamond engagement ring	14	3042899	August 28, 2015
3.	DER DIAMOND ENGAGEMENT RING	14	3044925	September 1, 2015
4.	GILI	9	3085486	October 26, 2015
5.	DER	14	3044925	September 01, 2015
6.	GILI APPARELS (LOGO)	14	3202190	March 04, 2016
<b>Nakshatra Brands</b>				
1.	NAKSHATRA	1	2479821	February 18, 2013
2.	NAKSHATRA	2	2479822	February 18, 2013
3.	NAKSHATRA	5	2479824	February 18, 2013
4.	NAKSHATRA	8	2479827	February 18, 2013
5.	NAKSHATRA	9	2479828	February 18, 2013
6.	NAKSHATRA	10	2479829	February 18, 2013
7.	NAKSHATRA	11	2479830	February 18, 2013
8.	NAKSHATRA	14	2479833	February 18, 2013
9.	NAKSHATRA	17	2479835	February 18, 2013
10.	NAKSHATRA	19	2479836	February 18, 2013
11.	NAKSHATRA	21	2479838	February 18, 2013
12.	NAKSHATRA	24	2479841	February 18, 2013
13.	NAKSHATRA	27	2479843	February 18, 2013
14.	NAKSHATRA	29	2479845	February 18, 2013
15.	NAKSHATRA	30	2479846	February 18, 2013
16.	NAKSHATRA	31	2479847	February 18, 2013
17.	NAKSHATRA	32	2479848	February 18, 2013
18.	NAKSHATRA	34	2479850	February 18, 2013
19.	NAKSHATRA	36	2479851	February 18, 2013
20.	NAKSHATRA	37	2479852	February 18, 2013
21.	NAKSHATRA	38	2479853	February 18, 2013
22.	NAKSHATRA	40	2479855	February 18, 2013
23.	NAKSHATRA	41	2479856	February 18, 2013
24.	NAKSHATRA	42	2479857	February 18, 2013
25.	NAKSHATRA	43	2479858	February 18, 2013
26.	NAKSHATRA	44	2479859	February 18, 2013
27.	NAKSHATRA	45	2479860	February 18, 2013
28.	NAKSHATRA DIAMOND JEWELLERY (logo)	14	2479818	February 18, 2013
29.	NAKSHATRA DIAMOND JEWELLERY (logo)	35	2479819	February 18, 2013
30.	NAKSHATRA JEWELS	35	2479820	February 18, 2013
31.	ENVI mesmerising emeralds	14	3042885	August 28, 2015
32.	NIRWANA	14	2493916	March 12, 2013
33.	nirvana DIAMOND JEWELLERY (logo)	14	2493917	March 12, 2013
34.	nirvana DIAMOND JEWELLERY	14	2493918	March 12, 2013
35.	nirvana DIAMOND JEWELLERY	14	2493919	March 12, 2013
36.	nirvana DIAMOND JEWELLERY	35	2493920	March 12, 2013
37.	nirvana DIAMOND JEWELLERY	35	2493921	March 12, 2013
38.	Viola Italia	14	2805517	September 8, 2014
39.	Viola Italia	3,9,18,25,35	2805518	September 8, 2014
40.	Nakshatra Halo Earrings	14	3441099	December 21, 2016
<b>Bezel Jewellery</b>				
1.	GLITTERATI	14	3044927	September 01, 2015
2.	VIVAHA	14	3046654	September 03, 2015
3.	NIZAM	14	3042868	August 28, 2015

### Copyright

Our Subsidiaries have obtained registration of the following copyrights from the Deputy Registrar of Copyrights, Copyrights Office:

S. No.	Description	Registration No.	Date of Registration
<b>GILI India</b>			
1.	GG logo	A-100542/2013	May 22, 2013
2.	GILI logo	A-100537/2013	May 22, 2013
<b>Bezel Jewellery</b>			
1.	LAMHE-SOME GIFTS ARE TIMELESS	A-100541/2013	May 22, 2013
2.	SAUMYA	A-100543/2013	May 22, 2013
3.	LAMHE BY D'DAMAS	A-100544/2013	May 22, 2013
4.	D'DAMAS LAMHE	A-100545/2013	May 22, 2013
<b>Nakshatra Brands</b>			
1.	SANGINI DIAMOND JEWELERY with logo	A-87597/2009	November 23, 2009

### VII. Miscellaneous Approvals

In addition to the approvals specifically described above, from time to time we are also required to obtain certain approvals from, and registrations with, the central/concerned state government departments and other local or municipal authorities, for the general conduct of business operations and taxation registrations, including PAN and service tax registrations, for our Company and various stores operated by us in the relevant states where we operate, as applicable.

In relation to approvals that our Company and our Subsidiaries have applied for and pending receipt, see “**Risk Factors – We require certain approvals, permits and licenses in the ordinary course of business, and any failure or delay to obtain or renew them may adversely affect our operations.**” on page 20.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

#### *Corporate Approvals*

1. Our Board has, pursuant to its resolution dated October 24, 2016, authorized the Issue, subject to the approval of our Equity Shareholders under Section 62(1) (c) of the Companies Act 2013.
2. Our Equity Shareholders have, pursuant to a resolution dated December 21, 2016, under Section 62(1) (c) of the Companies Act 2013, authorized the Issue.

#### *In-principle Listing Approvals*

1. We have received in-principle approval from BSE for the listing of our Equity Shares pursuant to a letter dated [●].
2. We have received in-principle approval from NSE for the listing of our Equity Shares pursuant to a letter dated [●].

### Prohibition by SEBI, RBI or Governmental Authorities

Our Company, our Promoters, our Promoter Group, our Directors, our Group Companies and persons in control of our Company and natural persons in control of GGL, are not prohibited from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authorities. Neither our Promoters, nor any of our Directors or persons in control of our Company were or are a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by SEBI or any other governmental authorities.

None of our Directors is in any manner associated with the securities market and there has been no action taken by SEBI against our Directors or any entity in which our Directors are involved in as promoters or directors.

Neither our Company, nor any of our Promoters, Group Companies, nor our Directors, nor the relatives (as per the Companies Act) of our Promoters, have been detained as wilful defaulters in terms of Regulation 2(zn) of SEBI ICDR Regulation.

The listing of securities of our Company has never been refused at any time by any stock exchange in India or abroad.

### Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI ICDR Regulations, as set forth below:

- our Company has net tangible assets of at least ₹ 30 million in each of the preceding three full years (of 12 months each) of which not more than 50% of net tangible assets are monetary assets;
- our Company has a minimum average pre-tax operating profit of ₹ 150 million, calculated on a restated and consolidated basis during the three most profitable years out of the immediately preceding five years;
- our Company has a net worth of at least ₹ 10 million in each of the three preceding full years (of 12 months each);
- the aggregate size of the proposed Issue and all previous issues made in the same Fiscal is not expected to exceed five times the pre-Issue net worth of our Company as per the audited balance sheet of the preceding Fiscal; and
- our Company's name was changed from 'Gitanjali Brands Limited' to 'Nakshatra World Limited', and a fresh certificate of incorporation was issued on November 11, 2016 to our Company by the RoC. This



change in our Company's name does not indicate any change in our business activity. Our Company has earned at least fifty percent of the revenue for the preceding one full year from the activity indicated by the new name.

Our Company's pre-tax operating profit, net worth and net tangible assets derived from the Restated Financial Statements included in this Draft Red Herring Prospectus as of, and for the last five years ended, March 31, 2015 are set forth below:

(₹ in million)

Particulars	Fiscal									
	2012		2013		2014		2015		2016	
	Stand alone	Consolidated	Stand alone	Consolidated	Stand alone	Consolidated	Stand alone	Consolidated	Stand alone	Consolidated
Net tangible assets, as restated	975.07	2,928.89	3,873.71	6,989.02	3,161.25	6,387.84	3,149.78	6,468.45	3,155.85	7,271.04
Pre-tax operating profit, as restated	483.64	980.60	478.74	2,668.06	392.64	2,052.31	378.90	1,662.89	429.46	1,420.58
Net worth, as restated	935.38	1,193.71	3,074.22	4,497.62	3,121.56	4,650.68	3,149.96	4,273.94	3,155.96	5,071.03

Source: Audited Restated Financial Information, summary balance sheet, as restated and statement of profit and loss, as restated of our Company, as of and for the respective periods.

- (i) 'Net tangible assets' means the sum of all net assets of our Company excluding intangible assets (as defined in Accounting Standard 26).
- (ii) 'Pre-tax operating profit has been defined as restated profit before the aggregate of minority interest, tax, finance cost, exceptional items and other income
- (iii) 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.

Fiscals 2013, 2014 and 2015 are the three most profitable years out of the immediately preceding five Fiscals in terms of our Restated Consolidated Financial Statements and Fiscals 2012, 2013 and 2016 are the three most profitable years out of the immediately preceding five Fiscals in terms of our Restated Standalone Financial Statements.

Further, in accordance with Regulation 26(4) of the SEBI ICDR 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, failing which the entire application monies shall be refunded forthwith.

Our Company is in compliance with conditions specified in Regulation 4(2) of the SEBI ICDR Regulations to the extent applicable.

#### DISCLAIMER CLAUSE OF SEBI

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, BEING IDBI CAPITAL MARKETS & SECURITIES LIMITED AND ELARA CAPITAL (INDIA) PRIVATE LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING.**



**THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, BEING IDBI CAPITAL MARKETS & SECURITIES LIMITED AND ELARA CAPITAL (INDIA) PRIVATE LIMITED, HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED MARCH 8, 2017 WHICH READS AS FOLLOWS:**

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION SUCH AS COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALIZATION OF THE DRAFT RED HERRING PROSPECTUS DATED MARCH 8, 2017 PERTAINING TO THE ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, 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 COMPANY,**

**WE CONFIRM THAT:**

- A. THE DRAFT RED HERRING PROSPECTUS FILED WITH THE 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 CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- C. THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, AS AMENDED AND REPLACED BY THE COMPANIES ACT, 2013, TO THE EXTENT IN FORCE, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS;**
- 3. WE CONFIRM THAT, BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE SEBI AND UNTIL DATE SUCH REGISTRATIONS ARE VALID;**
- 4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOTED FOR COMPLIANCE;**
- 5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED**

**HERRING PROSPECTUS WITH THE SEBI UNTIL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS - COMPLIED WITH;**

- 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 EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS - COMPLIED WITH AND NOTED FOR COMPLIANCE;**
- 7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE PROMOTERS' CONTRIBUTION WILL 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 ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION – COMPLIED WITH;**
- 9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 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 ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE;**
- 10. WE CERTIFY THAT DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE – NOT APPLICABLE; UNDER SECTION 29 OF THE COMPANIES ACT 2013, EQUITY SHARES IN THE ISSUE WILL BE ISSUED IN DEMATERIALIZED FORM ONLY;**
- 11. WE CERTIFY THAT ALL APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION;**
- 12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:**
  - a. AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND**

- b. AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI 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 - NOTED FOR COMPLIANCE;
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS' EXPERIENCE, ETC.;
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY;
16. WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY THE BRLMS (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR DATED OCTOBER 30, 2015; AND
17. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS – COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS REPORTED IN ACCORDANCE WITH ACCOUNTING STANDARD 18 IN THE FINANCIAL STATEMENTS OF THE COMPANY INCLUDED IN THE DRAFT RED HERRING PROSPECTUS.
18. WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y (1) (A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THESE REGULATIONS. (IF APPLICABLE). NOT APPLICABLE.

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 34 OR SECTION 36 OF THE COMPANIES ACT 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BRLMS, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

#### Price Information of Past Issues handled by the BRLMs

*Price information of past issues handled by IDBI Capital Markets & Securities Limited*

S. No.	Issue Name	Issue Size (₹ in million)	Issue price (₹)	Listing date	Opening price on listing date	+/- % change in closing price, [+/- % change in closing benchmark]-30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]-90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]-180th calendar days from listing
1.	MEP Infrastructure Developers Limited	3,240.00	63.00	06-May-15	65.00	-15.71% [+0.42%]	-8.57% [+5.51%]	-13.49% [-0.57%]

Notes:

1. Source: www.nseindia.com for the price information
2. Wherever 30th/ 90th/ 180th calendar day from listing day is a holiday, the closing data of the next trading day has been considered.
3. The Nifty 50 index is considered as the benchmark index.

*Summary statement of price information of past issues handled by IDBI Capital Markets & Securities Limited*

Fiscal year	Total no. of IPOs	Total funds raised (₹ million)	Number of IPOs trading at a discount as on 30th calendar day from listing day			Number of IPOs trading at a premium as on 30th calendar day from listing day			Number of IPOs trading at a discount as on 180th calendar day from listing day			Number of IPOs trading at a premium as on 180th calendar day from listing day		
			Over 50 %	Between 25% and 50%	Less than 25 %	Over 50 %	Between 25% and 50%	Less than 25 %	Over 50 %	Between 25% and 50%	Less than 25 %	Over 50 %	Between 25% and 50%	Less than 25 %
2013-2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2014-2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2015-2016	1	3,240.00	-	-	1	-	-	-	-	-	1	-	-	-
2016-date of this DRHP	-	-	-	-	-	-	-	-	-	-	-	-	-	-

*Price information of past issues handled by Elara Capital (India) Private Limited*

S. No.	Issue Name	Issue Size (₹ in million)	Issue price (₹)	Listing date	Opening price on listing date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	Infibeam Limited Incorporation	4,500.00	432	04-Apr-16	458.00	+20.37% [-0.67%]	+61.31% [+7.40%]	+105.52% [+9.71%]

*Notes:*

1. The Designated Exchange for the Issue has been considered for the closing price, Benchmark index and other details
2. % of change in closing price on 30<sup>th</sup> / 90<sup>th</sup> / 180<sup>th</sup> calendar day from listing day is calculated vs Issue Price. % change in closing benchmark index is calculated based on closing index on listing day vs closing index on 30<sup>th</sup> / 90<sup>th</sup> / 180<sup>th</sup> calendar day from listing day.  
30<sup>th</sup>, 90<sup>th</sup>, 180<sup>th</sup> calendar day from listing day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30<sup>th</sup>, 90<sup>th</sup>, 180<sup>th</sup> calendar day is a holiday, in which case we have considered the closing data of the next trading day.

*Summary statement of price information of past issues handled by Elara Capital (India) Private Limited*

Fiscal year	Total no. of IPOs	Total funds raised (₹ million)	Number of IPOs trading at a discount as on 30th calendar day from listing day			Number of IPOs trading at a premium as on 30th calendar day from listing day			Number of IPOs trading at a discount as on 180th calendar day from listing day			Number of IPOs trading at a premium as on 180th calendar day from listing day		
			Over 50 %	Between 25% and 50%	Less than 25 %	Over 50 %	Between 25% and 50%	Less than 25 %	Over 50 %	Between 25% and 50%	Less than 25 %	Over 50 %	Between 25% and 50%	Less than 25 %
2013-2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Fiscal year	Total no. of IPOs	Total funds raised (₹ million)	Number of IPOs trading at a discount as on 30th calendar day from listing day			Number of IPOs trading at a premium as on 30th calendar day from listing day			Number of IPOs trading at a discount as on 180th calendar day from listing day			Number of IPOs trading at a premium as on 180th calendar day from listing day		
			Over 50 %	Between 25% and 50%	Less than 25 %	Over 50 %	Between 25% and 50%	Less than 25 %	Over 50 %	Between 25% and 50%	Less than 25 %	Over 50 %	Between 25% and 50%	Less than 25 %
2014-2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2015-2016	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2016-2017*	1	4,500.00	-	-	-	-	-	1	-	-	-	1	-	-

\* The information is as on the date of this Draft Red Herring Prospectus

Note: The 30th and 180th calendar day computation includes the listing day. If the 30th and 180th calendar day is a trading holiday, the next trading day is considered for the computation.

The information for each of the financial years is based on issues listed during such financial year.

### Track records of past issues handled by the BRLMs

For details regarding the track record of the BRLMs as specified under Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, please refer to the website of the BRLMs, as set forth in the table below:

S. No.	Name of the BRLMs	Website
1.	IDBI Capital Markets & Securities Limited	www.idbicapital.com
2.	Elara Capital (India) Private Limited	www.elaracapital.com

### Caution – Disclaimer from our Company, our Directors and BRLMs

Our Company, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in any advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our website, [www.nakshatra.world](http://www.nakshatra.world), would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Issue Agreement entered into among the BRLMs and our Company dated March 8, 2017, and the Underwriting Agreement to be entered into among the Underwriters and our Company.

All information shall be made available by our Company and the BRLMs to the Bidders and public at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

Neither our Company nor the Syndicate shall be liable to the Bidders for any failure in uploading the Bids, due to faults in any software or hardware system, or otherwise.

The BRLMs and their respective affiliates and associates may engage in transactions with, and perform services for our Company, our Promoters, members of our Promoter Group, our Group Companies and our respective affiliates and associates in the ordinary course of business, and have engaged, or may in the future engage in commercial banking and investment banking transactions with our Company, our Promoters, members of our Promoter Group or our Group Companies or their respective affiliates or associates for which they have received, and may in future receive compensation.

Bidders that bid in the Issue will be required to confirm, and will be deemed to have represented to our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares, and will not

issue, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the 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 our Equity Shares.

#### **Disclaimer in respect of Jurisdiction**

This Issue is being made in India to persons resident in India (including Indian nationals resident in India and HUFs) who are competent to contract under the India Contract Act, 1872, as amended, companies, other corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to permission from RBI), or trusts under the applicable trust laws, and who are authorized under their constitution to hold and invest in equity shares, public financial institutions as specified under Section 2(72) of the Companies Act, 2013 venture capital funds, permitted insurance companies and pension funds and, to permitted non-residents including Eligible NRIs, AIFs, FPIs and QIBs. This Draft Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby, in any jurisdiction 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) at Mumbai, India only.

No action has been, or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus was filed with 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. The delivery of this Draft Red Herring Prospectus, shall not, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

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.

#### **Disclaimer Clause of BSE**

As required, a copy of this Draft Red Herring Prospectus shall be submitted to BSE. The disclaimer clause as intimated by BSE to us shall be included in the Red Herring Prospectus prior to filing the same with the RoC.

#### **Disclaimer Clause of NSE**

As required, a copy of this Draft Red Herring Prospectus shall be submitted to NSE. The disclaimer clause as intimated by NSE to us 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 was filed with SEBI at Corporation Finance Department, SEBI Bhavan, Plot No. C4 A, G Block, 3rd Floor, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra, India.

A copy of the Red Herring Prospectus, along with the documents required to be filed, will be delivered for registration to the RoC in accordance with Section 32 of the Companies Act, 2013 and a copy of the Prospectus required to be filed under Section 26 of the Companies Act 2013 will be delivered for registration to the RoC situated at the address mentioned below.

*The Registrar of Companies, Maharashtra at Mumbai*  
100 Everest



Marine Drive  
Mumbai 400 002  
Maharashtra, India

### **Listing**

Application has been made to the Stock Exchanges for obtaining permission for listing of the Equity Shares being offered and sold in the Issue and [●] is the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Issue.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by the Stock Exchanges, our Company shall forthwith repay, without interest, all monies received from the applicants in reliance of the Red Herring Prospectus. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges are taken within six Working Days of the Bid/ Issue Closing Date. If allotment of Equity Shares pursuant to the Issue does not occur within six Working Days from the Bid/ Issue Closing Date or within such timeline as prescribed by SEBI, we shall repay without interest all monies received from bidders, failing which interest shall be due to be paid by our Company and every officer in default to the applicants at the rate of 15% *per annum* for the delayed period.

Our Company will bear all costs, charges, fees and expenses associated with and incurred in connection with this Issue, in accordance with applicable law.

### **Impersonation**

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

*“Any person who –*

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities, or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

*shall be liable for action under Section 447.”*

The liability prescribed under Section 447 of the Companies Act 2013 includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

### **Consents**

Consents in writing of (a) our Directors, the Company Secretary and Compliance Officer, the legal counsels, the Bankers to our Company, the Banker(s) to the Issue, lenders (where such consent is required), independent chartered accountant, industry sources, customers/other third parties (where names of such customers/third parties have been disclosed); and (b) the BRLMs, the Syndicate Members and the Registrar to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus with the RoC as required under the Companies Act 2013.

Our Company has received written consent from, Ford, Rhodes, Parks & Co. LLP, our Auditor, to include its name as required under Section 26(1)(a)(v) of the Companies Act 2013 in this Draft Red Herring Prospectus and as “**expert**” as defined under Section 2(38) of the Companies Act 2013 in respect of the reports of the Auditor on the Restated Standalone Financial Statements and on the Restated Consolidated Financial Statements, each dated

December 15, 2016 and the statement of possible special tax benefits dated March 6, 2017 included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

### **Expert Opinion**

Except as stated herein, our Company has not obtained any expert opinion.

Our Company has received written consent from the Auditor, Ford, Rhodes, Parks & Co. LLP, to include its name as an ‘expert’ defined under section 2(38) of the Companies Act 2013, as required under Section 26 of the Companies Act 2013 in this Draft Red Herring Prospectus in respect of its reports on the Restated Consolidated Financial Statements and the Restated Standalone Financial Statements, each dated December 15, 2016, and the statement of possible special tax benefits dated March 6, 2017 included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Further our Company has obtained a report titled *Report on Indian Gems & Jewellery Industry*”, dated December 13, 2016, prepared by CARE and has also received its consent dated December 13, 2016. Such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Further, JNS & Associates LLP, who has evaluated our key performance indicators has given its consent to be named as an ‘expert’ as defined under section 2(38) of the Companies Act 2013, as required under Section 26 of the Companies Act 2013 in this Draft Red Herring Prospectus. Such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

### **Issue Related Expenses**

The total expenses of the Issue are estimated to be approximately ₹ [●] million. The expenses of this Issue include, among others, underwriting and management fees, printing and distribution expenses, advertisement expenses, legal fees and listing fees. For Issue expenses, see “*Objects of the Issue*” on page 89.

### **Fees, Brokerage and Selling Commission**

The total fees payable to the BRLMs and Syndicate Members (including underwriting and selling commissions), and reimbursement of their out of pocket expenses, will be as mutually agreed by them and stated in the Syndicate Agreement to be executed among our Company and the members of the Syndicate, copies of which shall be available for inspection at our Registered Office, from 10.00 am to 4.00 p.m. on Working Days from the date of filing the Red Herring Prospectus with the RoC until the Bid/ Issue Closing Date.

### **Fees Payable to the Registrar**

The fees payable to the Registrar, including fees for processing of Bid cum Application Forms, data entry, printing of Allotment Advice, refund order, preparation of refund data on magnetic tape and printing of bulk mailing register, will be as per the agreement dated February 3, 2017 signed between our Company and the Registrar, a copy of which shall be made available for inspection at our Registered Office.

The Registrar 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 enable it to send refund orders or Allotment Advice by registered post/speed post.

### **Particulars Regarding Public or Rights Issues during the Last Five Years**

Except as disclosed in “*Capital Structure*” on page 79, there have been no rights issues undertaken by our Company during the five years immediately preceding the date of this Draft Red Herring Prospectus.

Our Company has not completed any public issues in the five years immediately preceding the date of this Draft Red Herring Prospectus.



### **Commission or Brokerage on Previous Issues**

Since this is the initial public offering of the Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure public subscription for any of our Equity Shares, since the incorporation of our Company.

### **Previous Issues Otherwise than for Cash**

Except as disclosed in “*Capital Structure*” on page 79, our Company has not issued any Equity Shares for consideration otherwise than for cash.

### **Capital Issues in the Preceding Three Years**

Except as disclosed in “*Capital Structure*” on page 79, our Company has not made any capital issues during the three years immediately preceding the date of this Draft Red Herring Prospectus. None of our Group Companies or Subsidiaries is listed on any stock exchange in India or overseas as on the date of this Draft Red Herring Prospectus.

### **Performance vis-à-vis Objects**

Our Company has not completed any public issues in the 10 years immediately preceding the date of this Draft Red Herring Prospectus.

Except as disclosed in “*Capital Structure*” on page 79, our Company has not completed any rights issue in the 10 years immediately preceding the date of this Draft Red Herring Prospectus.

### **Performance vis- à-vis Objects: Last Issue of Subsidiaries or Group Companies**

Neither our Subsidiaries nor our Group Companies have made any public or rights issues in the 10 years immediately preceding the date of this Draft Red Herring Prospectus.

### **Outstanding Debentures, Bonds or Redeemable Preference Shares**

As on the date of this Draft Red Herring Prospectus, our Company does not have any outstanding debentures, bonds or redeemable preference shares.

### **Partly Paid-Up Shares**

As on the date of this Draft Red Herring Prospectus, there are no partly paid-up Equity Shares.

### **Stock Market Data of the Equity Shares**

This being the initial public offering of the Equity Shares, the Equity Shares are not listed on any stock exchange as on the date of this Draft Red Herring Prospectus, and accordingly, no stock market data is available for the Equity Shares.

### **Mechanism for Redressal of Investor Grievances by our Company**

The agreement dated February 3, 2017 between the Registrar to the Issue and our Company provides for retention of records with the Registrar for a minimum period of three years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges, in order to enable the investors to approach the Registrar for redressal of their grievances.

Investors may contact the BRLMs that have submitted a due diligence certificate to SEBI for any complaint pertaining to the Issue. All grievances, other than by Anchor Investors, may be addressed to the Registrar to the Issue, with a copy to the relevant Designated Intermediary, where the Bid cum Application Form was submitted, quoting the full name of the sole or first Bidder, Bid cum Application Form number, Bidders’ DP ID, Client ID, PAN, address of the Bidder, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the relevant Designated Intermediary where the Bid was submitted and ASBA Account number in

which the amount equivalent to the Bid Amount was blocked. Further, the Bidder shall enclose the Acknowledgement Slip or provide the acknowledgement number received from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

All grievances of the Anchor Investors may be addressed to the Registrar to the Issue, giving full details such as the name of the sole or first Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, address of the Bidder, number of Equity Shares applied for, date of Bid cum Application Form, Bid Amount paid on submission of the Bid cum Application Form and the name and address of the BRLMs where the Bid cum Application Form was submitted by the Anchor Investor.

#### **Disposal of Investor Grievances by our Company**

We estimate that the average time required by our Company and/or the Registrar for the redressal of routine investor grievances shall be 15 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

There have been no investor grievances received by our Company for the three years prior to the filing of this Draft Red Herring Prospectus.

Our Company has appointed Mr. Saurabh Deshpande, our Company Secretary, as the Compliance Officer and he may be contacted in case of any pre- Issue or post- Issue related problems, at the address set forth hereunder.

Mr. Saurabh Deshpande  
A-1 7th Floor, Laxmi Tower  
Bandra Kurla Complex, Bandra (East)  
Mumbai 400 051, Maharashtra  
India  
**Tel:** (+91 22) 4035 4600  
**Fax:** (+91 22) 40102012  
**E-mail:** investors@nakshatra.world

Further, our Board has constituted a Stakeholders' Relationship Committee comprising our Directors, Ms. Nazura Ajaney and Mr. Anil Haldipur which is responsible for redressal of grievances of the security holders of our Company. For more information, see "***Our Management***" on page 147.

We do not have any listed Group Companies as on the date of this Draft Red Herring Prospectus.

#### **Investor grievance mechanism and investor complaints for our corporate Promoter**

Our Corporate Promoter has arrangements and mechanisms in place for redressal of investor grievance. The number of investor complaints received during the three financial years and the nine month period ended December 31, 2016 and the number of complaints disposed of during that period are as follows:

Period	Complaints received	Complaints disposed of
Fiscal 2014	54	54
Fiscal 2015	132	132
Fiscal 2016	84	84
Nine month period ended December 31, 2016	26	26

There are no investor complaints pending as on the date of this Draft Red Herring Prospectus. The average time taken in resolving a complaint is seven working days.

#### **Changes in Auditors**

There have been no changes in our Company's statutory auditors during the three years preceding the date of this Draft Red Herring Prospectus.

### **Capitalization of Reserves or Profits**

Except for issuance of Equity Shares pursuant to bonus issues, as disclosed in “*Capital Structure*” on page 79, our Company has not capitalised its reserves or profits at any time during the last five years preceding the date of this Draft Red Herring Prospectus.

### **Revaluation of Assets**

Pursuant to a scheme of amalgamation, Asmi Jewellery and Spectrum Jewellery were amalgamated into Nakshatra Brands with effect from July 7, 2016 and the value of investments of our Company were restated. See “*History and Certain Corporate Matters – Details regarding Acquisition of Business/Undertakings, Mergers, Amalgamation, Revaluation of Assets, if any*” on page 140.

## SECTION VII – ISSUE RELATED INFORMATION

### ISSUE STRUCTURE

Issue of up to 18,000,000 Equity Shares of face value of ₹ 10 each, at an Issue Price of ₹ [●] per Equity Share for cash, including a premium of ₹ [●] per Equity Share, aggregating up to ₹ [●] million and is being made through the Book Building Process. The Issue shall constitute [●]% of the post- Issue paid up Equity Share capital of our Company.

The Issue is being made through the Book Building Process.

	QIBs*	NIIs	RIIs
Number of Equity Shares available for allocation**	[●] Equity Shares	Not less than [●] Equity Shares or Issue less allocation to QIBs and RIIs	Not less than [●] Equity Shares or Issue less allocation to QIBs and NIIs
Percentage of Issue size available for allocation	50% of the Issue will be available for allocation to QIBs. However, 5% of the QIB Portion, excluding the Anchor Investor Portion, will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the 5% reservation portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund Portion will be available for allocation to QIBs	Not less than 15% of the Issue or Issue less allocation to QIBs and RIIs	Not less than 35% of the Issue or the Issue less allocation to QIBs and NIIs
Basis of Allotment if respective category is oversubscribed	Proportionate as follows: (a) [●] Equity Shares will be available for allocation on a proportionate basis to Mutual Funds; and (b) [●] Equity Shares will be available for allocation on a proportionate basis to QIBs including Mutual Funds receiving allocation as per (a) above	Proportionate	Allotment to each RII shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion, and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis. For more information, see “ <i>Issue Procedure</i> ” on page 370.
Mode of Bidding	Through ASBA process only (other than Anchor Investors)	Through ASBA process only	Through ASBA process only
Minimum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹ 200,000	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹ 200,000	[●] Equity Shares
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the Issue, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the Issue, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹ 200,000
Mode of Allotment	Compulsorily in dematerialized form		
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter		
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share thereafter		[●] Equity Shares and in multiples of one Equity Share thereafter subject to availability in the Retail Portion
Trading Lot	One Equity Share		

	QIBs*	NIIs	RIIs
Who can Apply***	Public financial institutions specified in Section 2(72) of the Companies Act 2013, FPIs (other than Category III FPIs), scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with SEBI, FVCIs, AIFs, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of ₹ 250 million, pension funds with a minimum corpus of ₹ 250 million, the National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI, published in the Gazette of India, 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 the Department of Posts, India	Resident Indian individuals, HUFs (in the name of Karta), companies, corporate bodies, Eligible NRIs, scientific institutions societies and trusts and any Category III FPIs registered with SEBI, which is a foreign corporate or foreign individual for Equity Shares such that the Bid Amount exceeds ₹ 200,000 in value	Resident Indian individuals, HUFs (in the name of the Karta) and Eligible NRIs applying for Equity Shares such that the Bid Amount does not exceed ₹ 200,000 in value
Terms of Payment#	<p><b>In case of Anchor Investors:</b> Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids</p> <p><b>In case of all other Bidders:</b> Full Bid Amount shall be blocked by the SCSBs in the bank account of the Bidders (other than Anchor Investors) that is specified in the Bid cum Application Form at the time of the submission of the Bid cum Application Form##</p>		

\* Our Company, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Issue Price, on a discretionary basis, subject to there being (i) a maximum of two Anchor Investors, where allocation in the Anchor Investor Portion is up to ₹100.00 million, (ii) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹100.00 million but up to ₹2,500.00 million, subject to a minimum Allotment of ₹50.00 million per Anchor Investor, and (iii) in case of allocation above ₹2,500 million, a minimum of 5 and a maximum of 15 Anchor Investors are allowed for allocation of up to ₹2,500 million and an additional 10 such investors for every additional ₹2,500 million or part thereof will be permitted, subject to minimum allotment of ₹50 million per Anchor Investor. An Anchor Investor will make a minimum Bid of such number of Equity Shares, that the Bid Amount is at least ₹100.00 million. One-third of the Anchor Investor Portion will be reserved for domestic Mutual Funds, subject to valid Bids being received at or above Anchor Investor Issue Price.

\*\* The Issue is being made through the Book Building Process, in terms of Rule 19(2)(b) of the SCRR, in compliance with Regulation 26(1) of the SEBI ICDR Regulations. Under subscription, if any, in any category except in the QIB Portion, would be met with spill-over from the other categories at the discretion of our Company, in consultation with the Lead Managers and the Designated Stock Exchange

\*\*\*If the Bid is submitted in joint names, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the depository account held in joint names. The signature of only the first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders.

# Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Forms.

## Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Bid cum Application Form. Any balance amount payable by the Anchor Investors, due to a difference between the Anchor Investor Issue Price and the Bid Amount paid by the Anchor Investors, shall be payable by the Anchor Investors within two Working Days of the Bid/ Issue Closing Date.

Our Company may, in consultation with the BRLMs, offer an Employee Reservation in accordance with the SEBI ICDR Regulations. The details of any discount to the Retail Individual Investors and the Eligible Employees

bidding in the Employee Reservation Portion shall be disclosed in the Red Herring Prospectus prior to filing it with the RoC.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares.

### Withdrawal of the Issue

Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue at any time after the Bid/ Issue Opening Date but before Allotment. If our Company withdraws the Issue, our Company will issue a public notice within two days from the Bid/ Issue Closing Date, providing reasons for not proceeding with the Issue. The BRLMs, through the Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction. The notice of withdrawal will be issued in the same newspapers where the pre- Issue advertisements have appeared and the Stock Exchanges will also be informed promptly.

If our Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determine that they will proceed with a public offering of Equity Shares, they will file a fresh draft red herring prospectus with SEBI and the Stock Exchanges.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company will apply for only after Allotment and within six Working Days of the Bid Closing Date; and (ii) the final RoC approval of the Prospectus after it is filed with the Stock Exchanges.

### Bid/Issue Period

<b>BID/ISSUE OPENS ON*</b>	[●]
<b>BID/ISSUE CLOSES ON</b>	[●]
<b>(FOR QIBS)**</b>	[●]
<b>(FOR ALL OTHER BIDDERS)</b>	[●]
<b>FINALIZATION OF BASIS OF ALLOTMENT</b>	[●]
<b>INITIATION OF REFUNDS</b>	[●]
<b>CREDIT OF EQUITY SHARES TO DEPOSITORY ACCOUNTS</b>	[●]
<b>COMMENCEMENT OF TRADING</b>	[●]

\* Our Company, in consultation with the BRLMs, may consider participation by Anchor Investors. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Issue Opening Date.

\*\* Our Company may, in consultation with the BRLMs, consider closing the Bid/Issue Period for QIBs one day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations.

**This timetable, other than Bid/Issue Opening and Closing Dates, is indicative in nature and does not constitute any obligation or liability on our Company or the members of the Syndicate. While our Company will use best efforts to ensure that listing and trading of our Equity Shares on the Stock Exchanges commences within six Working Days of the Bid/Issue Closing Date, the timetable may be subject to change for various reasons, including extension of the Bid/Issue Period by our Company due to revision of the Price Band or any delays in receipt of final listing and trading approvals from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges in accordance with applicable law.**

Except in relation to Anchor Investors, Bids and any revision in Bids will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bid/Issue Period at the Bidding centres mentioned in the Bid cum Application Form, at the Designated Branches (a list of such branches is available at the website of SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>) or with the members of the Syndicate at the Specified Locations or with the Registered Brokers at the Broker Centres (a list of such Broker Centres is available at the websites of the Stock Exchanges) or the RTAs at the Designated RTA Locations (a list of such Designated RTA Locations is available at the websites of the Stock Exchanges) or the CDPs at the Designated CDP Locations (a list of such Designated CDP Locations is available at the websites of the Stock Exchanges), as the case may be, except that on the Bid/Issue Closing Date (which for QIBs may be a day prior to the Bid/Issue Closing Date for non-QIBs), Bids will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian

Standard Time) and uploaded until (i) 4.00 p.m. (Indian Standard Time) by QIBs and NIIs; and (ii) 5.00 p.m. (Indian Standard Time) in case of Bids by RIIs. On the Bid/Issue Closing Date, extension of time may be granted by the Stock Exchanges only for uploading Bids received from RIIs after taking into account the total number of Bids received up to closure of timings for acceptance of Bid cum Application Forms as stated herein and reported by the BRLMs to the Stock Exchanges. Due to limitation of time available for uploading Bids on the Bid/Issue Closing Date, Bidders are advised to submit Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. If a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public issues, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded on the electronic bidding system will not be considered for allocation in the Issue. It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by the SCSBs would be rejected. Our Company and the Designated Intermediaries will not be responsible for any failure in uploading Bids due to faults in any hardware/software system or otherwise. Bids will be accepted only on Working Days.

Our Company, in consultation with the BRLMs, reserves the right to revise the Price Band during the Bid/Issue Period, in accordance with the SEBI ICDR Regulations, provided that the Cap Price will be less than or equal to 120% of the Floor Price and the Floor Price will not be less than the face value of the Equity Shares. Subject to compliance with the foregoing, the Floor Price may move up or down to the extent of 20% of the Floor Price as disclosed and the Cap Price will be revised accordingly.

**In case of revision in the Price Band, the Bid/Issue Period will be extended for at least three additional Working Days after revision of Price Band subject to the Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchanges by issuing a press release and by indicating the change on the website of the Designated Intermediaries.**

In case of discrepancy in data entered in the electronic book vis-à-vis data contained in the Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.



## TERMS OF THE ISSUE

The Equity Shares Allotted in the Issue will be subject to the provisions of the Companies Act, the SEBI ICDR Regulations, the SCRR, our Memorandum of Association, our Articles of Association, the SEBI Listing Regulations, the terms of the Red Herring Prospectus and the Prospectus, the Bid cum Application Form, the Revision Form, the abridged prospectus and other terms and conditions as may be incorporated in the CAN, the Allotment Advice and other documents and certificates that may be executed in respect of the Issue. The Equity Shares will also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the issue and sale of capital and listing and trading of securities, issued from time to time, by SEBI, GoI, Stock Exchanges, the RoC, RBI and/or other authorities to the extent applicable.

Our Company will bear all costs, charges, fees and expenses associated with and incurred in connection with this Issue, in accordance with Applicable Law.

For details in relation to Issue expenses, see “*Objects of the Issue*” and “*Other Regulatory and Statutory Disclosures*” on pages 89 and 350, respectively.

### Ranking of Equity Shares

The Equity Shares issued and allotted in the Issue will be subject to the provisions of the Companies Act, our Memorandum of Association and our Articles of Association and will rank *pari passu* with the existing Equity Shares, including in respect of dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For more information, see “*Provisions of the Articles of Association*” on page 418.

### Mode of Payment of Dividend

Our Company will pay dividend, if declared, to our Equity Shareholders, as per the provisions of the Companies Act, the SEBI Listing Regulations, our Memorandum of Association and our Articles of Association, and any guidelines or directives that may be issued by the GoI in this respect. Any dividends declared, after the date of Allotment in this Issue, will be received by the Allottees. For more information, see “*Dividend Policy*” and “*Provisions of the Articles of Association*” on page 183 and 418, respectively.

### Face Value and Price Band

The face value of each Equity Share is ₹ 10 and the Issue Price is ₹ [●]. The Anchor Investor Issue Price is ₹ [●] per Equity Share. At any given point of time there will be only one denomination for the Equity Shares.

The Price Band and the minimum Bid lot will be decided by our Company, in consultation with the BRLMs, and published by our Company at least five Working Days prior to the Bid/Issue Opening Date, in the [●] edition of [●] (a widely circulated English national daily newspaper), the [●] edition of [●] (a widely circulated Hindi national daily newspaper) and the [●] edition of [●] (a widely circulated Marathi daily newspaper, Marathi being the regional language of the place where our Registered Office is located), and shall be made available to the Stock Exchanges for uploading on their websites. The Price Band, along with the relevant financial ratios calculated at the floor Price and at the Cap Price shall be pre-filled in the Bid-cum-Application Forms available at the websites of the Stock Exchanges.

### Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations, guidelines and the Articles of Association, the Equity Shareholders will have the following rights:

1. right to receive dividend, if declared;
2. right to attend general meetings and exercise voting powers, unless prohibited by law;
3. right to vote on a poll either in person or by proxy;
4. right to receive offers for rights shares and be allotted bonus shares, if announced;

5. right to receive any surplus on liquidation subject to any statutory and preferential claims being satisfied;
6. right of free transferability of their Equity Shares, subject to applicable foreign exchange regulations and other applicable law; and
7. such other rights as may be available to a shareholder of a listed public company under the Companies Act, SEBI Listing Regulations and our Memorandum of Association and Articles of Association.

For a description of the provisions of our Articles of Association relating to voting rights, dividend, forfeiture, lien, transfer, transmission, consolidation and splitting, see “*Provisions of the Articles of Association*” on page 418.

### **Compliance with disclosure and accounting norms**

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

### **Market Lot and Trading Lot**

In terms of Section 29 of the Companies Act 2013, the Equity Shares will be Allotted only in dematerialized form. As per the SEBI ICDR Regulations, the trading of our Equity Shares will only be in dematerialized form.

The tradable lot is one Equity Share. Allotment in the Issue will be only in electronic form in multiples of one Equity Share, subject to a minimum Allotment of [●] Equity Shares. For the Basis of Allotment, see “*Issue Procedure*” on page 370.

### **Joint Holders**

Where two or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-tenants with benefits of survivorship.

### **Nomination Facility**

In accordance with Section 72 of the Companies Act 2013, read with Companies (Share Capital and Debentures) Rules, 2014, as amended, the sole or first Bidder, with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, will vest. A nominee entitled to the Equity Shares by reason of the death of the original holder(s), will, in accordance with Section 72 of the Companies Act 2013, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the Equity Shares. Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of the holder’s death during minority. A nomination may be cancelled, or varied by nominating any other person in place of the present nominee, by the holder of the Equity Shares who has made the nomination, by giving a notice of such cancellation or variation to our Company in the prescribed form.

Further, any person who becomes a nominee by virtue of Section 72 of the Companies Act 2013, will, on the production of such evidence as may be required by our Board, elect either to:

- register himself or herself as holder of Equity Shares; or
- 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 dividend, interests, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with our Company. Nominations registered with the Depository Participant of the

Bidder will prevail. If Bidders want to change their nomination, they are advised to inform their Depository Participant.

The Equity Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Further, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Draft Red Herring Prospectus. Any representation to the contrary is a criminal offence in the United States and may be a criminal offence in other jurisdictions.

The Equity Shares have not been and will not be registered under the U.S. 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 U.S. Securities Act and applicable U.S. state securities laws.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside Indian 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.

### **Bid/Issue Period**

See “*Issue Structure – Bid/Issue Programme*” on page 365.

### **Minimum Subscription**

If our Company does not receive the minimum subscription of 90% of the Issue, including through devolvement to the Underwriters, as applicable, our Company shall forthwith refund the entire subscription amount received no later than 15 days from the Bid/Issue Closing Date, failing which, the Directors of our Company who are officers in default shall jointly and severally be liable to repay such amount with interest at the rate of 15% *per annum*. Further, in terms of Regulation 26(4) of the SEBI ICDR Regulations, our Company will ensure that the number of Bidders to which the Equity Shares are Allotted in the Issue will be not less than 1,000.

Further, our Company, in consultation with the BRLMs, severally and not jointly, reserves the right not to proceed with the Issue for any reason at any time after the Bid/Issue Opening Date, but before Allotment.

### **Arrangement for Disposal of Odd Lots**

There are no arrangements for disposal of odd lots.

### **Restriction on Transfer and Transmission of Shares**

Except for lock-in of pre-Issue equity shareholding, the minimum Promoter’s contribution and Anchor Investor lock-in in the Issue, as detailed in “*Capital Structure*” on page 79 and as provided in our Articles as detailed in “*Provisions of the Articles of Association*” on page 418, there are no restrictions on transfers and transmission of shares/debentures and on their consolidation/splitting.

### **Option to receive Equity Shares in Dematerialized Form**

Allotment of Equity Shares to successful Bidders will only be in dematerialized form. Bidders will not have the option of Allotment of the Equity Shares in physical form. The Equity Shares, on Allotment, will be traded only in the dematerialized segment of the Stock Exchanges.

## ISSUE PROCEDURE

*All Bidders should review the 'General Information Document for Investing in Public Issues' prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI ("General Information Document") included below under sub-section titled "– Part B – General Information Document", which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document has been updated to reflect various enactments and regulations as well as amendments to existing regulations, to the extent applicable to the Issue. The General Information Document is also available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant portions of the General Information Document which are applicable to this Issue.*

*Our Company and the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document for any amendment, modification or change in the 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 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, the Red Herring Prospectus and the Prospectus.*

### PART A

#### Book Building Procedure

The Issue is being made through the Book Building Process, in compliance with Regulation 26(1) of the SEBI ICDR Regulations wherein 50% of the Issue will be allocated on a proportionate basis to QIBs, provided that our Company, in consultation with the BRLMs, may allocate up to 60% of the QIB Category to Anchor Investors, on a discretionary basis, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price. Further, 5% of the QIB Category (excluding the Anchor Investor 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 QIBs and including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Issue will be available for allocation to Retail Individual Investors, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price.

Under-subscription, if any, in any category, except in the QIB Category, would be allowed to be met with spill over from any other category or combination of categories, at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange.

The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

**Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID and PAN, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.**

#### Bid cum Application Form

All Bidders (other than Anchor Investors) are required to mandatorily participate in the Issue only through the ASBA process. Anchor Investors are not permitted to participate in the Issue through the ASBA process.

Copies of the ASBA Forms and the Abridged Prospectus will be available with the Designated Intermediaries at the Bidding Centres and at our Registered Office. Electronic copies of the ASBA Forms will also be available for download on the websites of the Stock Exchanges, namely, NSE ([www.nseindia.com](http://www.nseindia.com)) and BSE ([www.bseindia.com](http://www.bseindia.com)), at least one day prior to the Bid/ Issue Opening Date. Anchor Investor Application Forms shall be available at the offices of the BRLMs at least one day prior to the Anchor Investor Bidding Date.

All Bidders (other than Anchor Investors) shall ensure that their Bids are made on ASBA Forms bearing the stamp of a Designated Intermediary and submitted at the Bidding centres only (except in case of electronic ASBA Forms)

and the ASBA Forms not bearing such specified stamp are liable to be rejected. Additionally, ASBA Bidders must provide bank account details and authorisation to block funds in the relevant space provided in the ASBA Form and ASBA Forms that do not contain such details are liable to be rejected. ASBA Bidders are also required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount can be blocked by the SCSB at the time of submitting the Bid.

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 Indians including resident QIBs, Non-Institutional Investors, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis **	[●]
Non-Residents including Eligible NRIs, FVCIs, FPIs and registered multilateral and bilateral development financial institutions applying on a repatriation basis **	[●]
Anchor Investors***	[●]

\* Excluding electronic Bid cum Application Forms.

\*\* Electronic Bid cum Application forms will also be available for download on the website of the NSE ([www.nseindia.com](http://www.nseindia.com)) and the BSE ([www.bseindia.com](http://www.bseindia.com)).

\*\*\* Bid cum Application Forms for Anchor Investors shall be available at the offices of the BRLMs.

Designated Intermediaries (other than SCSBs) shall submit/ deliver ASBA Forms to the respective SCSB, where the Bidder has a bank account and shall not submit it to any non-SCSB bank or the Escrow Collection Bank.

### Who can Bid?

In addition to the category of Bidders set forth in “– *Part B – General Information Document for Investing in Public Issues – Category of Investors Eligible to Participate in an Issue*” on page 387, the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines:

- FPIs, other than Category III FPIs;
- Category III FPIs who are foreign corporates or foreign individuals only under the Non-Institutional Portion;
- Scientific and/or industrial research organisations in India, which are authorised to invest in equity shares; and
- Any other person eligible to Bid in this Issue, under the laws, rules, regulations, guidelines and policies applicable to them.

**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.**

### Participation by associates and affiliates of the Promoters, Promoter Group, BRLMs and the Syndicate Members

The BRLMs and the Syndicate Member shall not be allowed to purchase Equity Shares in this Issue in any manner, except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and the Syndicate Member may subscribe to or purchase Equity Shares in the 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 the BRLMs and Syndicate Member, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Other than mutual funds sponsored by entities related to the BRLMs, the Syndicate Member, the Promoters, members of the Promoter Group and any persons related to them cannot apply in the Issue under the Anchor Investor Portion.

### **Bids by Mutual Funds**

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such 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.

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid in whole or in part, in either case, without assigning any reason thereof.

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 Eligible NRIs**

NRIs may obtain copies of ASBA Forms from the offices of the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs Bidding on a repatriation basis should authorise their SCSB to block their Non-Resident External ("NRE") or Foreign Currency Non-Resident ("FCNR") accounts, maintained with banks authorised by the RBI under the Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) Regulations, 2000. Eligible NRIs Bidding on a repatriation basis should authorise their SCSB to block their NRE or FCNR accounts for the full Bid Amount, while Eligible NRIs Bidding on a non-repatriation basis should authorise their SCSB to block their NRO accounts for the full Bid Amount.

Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form for non-residents, while Eligible NRIs Bidding on a non-repatriation basis are advised to use the Bid cum Application Form for residents.

### **Bids by FIIs and FPIs**

On January 7, 2014, SEBI notified the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 (the "**SEBI FPI Regulations**") pursuant to which the existing classes of portfolio investors, namely, FIIs and QFIs were subsumed under a new category namely 'foreign portfolio investors' or 'FPIs'. Further, RBI on March 13, 2014 amended the FEMA Regulations and laid down conditions and requirements with respect to investment by FPIs in Indian companies.

In terms of the SEBI FPI Regulations, an FII who holds a valid certificate of registration from SEBI shall be deemed to be a registered FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. Accordingly, such FIIs can participate in this Issue in accordance with Schedule 2 of the FEMA Regulations. An FII shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations. Further, a QFI who had not obtained a certificate of registration as an FPI could only continue to buy, sell or otherwise deal in securities until January 6, 2015. Hence, such QFIs who have not registered as FPIs under the SEBI FPI Regulations shall not be eligible to participate in this Issue.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to exceed 10% of our post- Issue Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by our Board, followed by a special resolution passed by the shareholders of our Company and subject to prior intimation to RBI. For calculating the aggregate holding of FPIs in our company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included. In terms of the above-mentioned provisions of the FEMA Regulations, the existing individual and aggregate investment limits for an FII or sub account in our Company is 10% and 24% of the total paid-up Equity Share capital of our Company, respectively.



As per the circular issued by SEBI on November 24, 2014, these investment restrictions shall also apply to subscribers of offshore derivative instruments (“ODIs”). Two or more subscribers to ODIs having a common beneficial owner shall be considered together as a single subscriber of the ODI. In the event an investor has investments as a FPI and as a subscriber of ODIs, these investment restrictions shall apply on the aggregate of the FPI and ODI investments held in the underlying company.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the GoI from time to time. FPIs who wish to participate in the Issue are advised to use the Bid cum Application Form for non-residents. FPIs are required to Bid through the ASBA process to participate in the Issue.

An FPI shall issue ODIs only to those subscribers which meet the eligibility criteria as laid down in Regulation 4 of the SEBI FPI Regulations. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III FPI and unregulated broad based funds, which are classified as Category II FPIs by virtue of their investment manager being appropriately regulated, may issue or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI 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 regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms. An FPI 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.

#### **Bids by SEBI registered Venture Capital Funds, Alternative Investment Funds and Foreign Venture Capital Investors**

The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 as amended, (the “**SEBI VCF Regulations**”) and the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000, as amended, among others, prescribe the investment restrictions on VCFs and FVCIs, respectively, registered with SEBI. Further, the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 (the “**SEBI AIF Regulations**”) prescribe, among others, the investment restrictions on AIFs.

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. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds in various prescribed instruments, including in public offerings.

Category I and II AIFs cannot invest more than 25% of the investible funds in one investee company. A category III AIF cannot invest more than 10% of the investible funds in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one-third of its investible funds by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up.

Further, according to the SEBI ICDR Regulations, the shareholding of VCFs, category I AIFs and FVCIs held in a company prior to making an initial public offering would be exempt from lock-in requirements only if the shares have been held by them for at least one year prior to the time of filing of a draft offer document with SEBI.

#### **Bids by limited liability partnerships**

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason therefor.

#### **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 any Bid without assigning any reason thereof.

The exposure norms for insurers is prescribed in Regulation 5 of the Insurance Regulatory and Development Authority (Investment) Regulations, 2000 (the “**IRDA Investment Regulations**”) are set forth below:

- (a) equity shares of a company: the lower of 10% of the investee company’s outstanding equity shares (face value) or 10% of the respective fund in case of a life insurer/ investment assets in case of a general insurer or a reinsurer;
- (b) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or a reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and
- (c) the industry sector in which the investee company operates: not more than 15% of the respective fund of a life insurer or general insurance or 15% of the investment assets, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under points (a), (b) or (c) above, as the case may be.

Insurer companies participating in this Issue shall comply with all applicable regulations, guidelines and circulars issued by the IRDA from time to time to time.

#### **Bids by provident funds/ pension funds**

In case of Bids made by provident funds/ pension funds, subject to applicable laws, with minimum corpus of ₹ 250 million, a certified copy of a 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.

#### **Bids by Anchor Investors**

In accordance with the SEBI ICDR Regulations, the key terms for participation by Anchor Investors are provided below.

- (i) Anchor Investor Application Forms will be made available for the Anchor Investor Portion at the offices of the BRLMs.
- (ii) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹ 100 million. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹ 100 million.
- (iii) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.
- (iv) Bidding for Anchor Investors will open one Working Day before the Bid/ Issue Opening Date, i.e., the Anchor Investor Bidding Date, and will be completed on the same day.
- (v) Our Company, in consultation with the BRLMs will finalise allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion will not be less than:
  - (a) a maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹ 100 million;

- (b) a minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100 million but up to ₹ 2,500 million, subject to a minimum Allotment of ₹ 50 million per Anchor Investor; and
- (c) in case of allocation above ₹ 2,500 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500 million, and an additional 10 Anchor Investors for every additional ₹ 2,500 million, subject to minimum allotment of ₹ 50 million per Anchor Investor.
- (vi) Allocation to Anchor Investors will be completed on the Anchor Investor Bidding Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made will be made available in the public domain by the BRLMs before the Bid/ Issue Opening Date, through intimation to the Stock Exchange.
- (vii) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.
- (viii) If the Issue Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Issue Price and the Anchor Investor Allocation Price will be payable by the Anchor Investors on the Anchor Investor Pay-in Date specified in the CAN. If the Issue Price is lower than the Anchor Investor Allocation Price, Allotment to successful Anchor Investors will be at the higher price, i.e., the Anchor Investor Issue Price.
- (ix) Equity Shares Allotted in the Anchor Investor Portion will be locked in for a period of 30 days from the date of Allotment.
- (x) The BRLMs, our Promoters, members of the Promoter Group or any person related to them (except for Mutual Funds sponsored by entities related to the BRLMs) will not participate in the Anchor Investor Portion. The parameters for selection of Anchor Investors will be clearly identified by the BRLMs and made available as part of the records of the BRLMs for inspection by SEBI.
- (xi) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids.
- (xii) For more information, see “- **Part B: General Information Document for Investing in Public Issues - Section 7: Allotment Procedure and Basis of Allotment – Allotment to Anchor Investors**” on page 408.

#### *Payment by Anchor Investors into the Escrow Account*

Anchor Investors are not permitted to Bid in the Issue through the ASBA process. Instead, Anchor Investors should transfer the Bid Amount (through direct credit, RTGS or NEFT) for payment of their Bid Amounts in the Escrow Account in favour of:

- (a) In case of resident Anchor Investors: [●]
- (b) In case of non-resident Anchor Investors: [●]

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Syndicate, the Escrow Collection Bank and the Registrar to the Issue to facilitate collections from Anchor Investors.

#### **Bids by banking companies**

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended (the “**Banking Regulation Act**”), and the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, is 10% of the paid-up share capital of the investee company or 10% of the banks’ own paid-up share capital and reserves, whichever is less. Further, the aggregate investment by a banking company in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the bank’s paid-up share capital and reserves. A banking company may hold up to 30% of the paid up share capital of the investee company with the prior approval of the RBI provided that the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act.

### **Bids by SCSBs**

SCSBs participating in the Issue are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA Bids.

### **Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, FIIs, FPIs, AIFs, 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 ₹ 250 million and pension funds with a minimum corpus of ₹ 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 consultation with the BRLMs, 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 therefore.

In accordance with existing regulations, OCBs cannot participate in the Issue.

### **Pre- Issue Advertisement**

Subject to Section 30 of the Companies Act 2013, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre- Issue advertisement in the [●] edition of the English national newspaper [●], the [●] edition of the Hindi national newspaper [●] and the [●] edition of the Marathi Newspaper [●] (Marathi being the regional language in the state where our Company’s Registered Office is located), each with wide circulation, respectively. In the pre-Issue advertisement, we shall state the Bid/ Issue Opening Date, the Bid/ Issue Closing Date and the QIB Bid/ Issue Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act 2013, shall be in the format prescribed in Part A of Schedule XIII of the SEBI ICDR Regulations.

*The above information is given for the benefit of Bidders. Our Company, our Directors, the officers of our Company and the members of 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.*

### **Information for Bidders**

In addition to the instructions provided to Bidders set forth in the sub-section titled “– **Part B – General Information Document for Investing in Public Issues**” on page 384, Bidders are requested to note the following additional information in relation to the Issue.

1. The relevant Designated Intermediary will enter each Bid option into the electronic Bidding system as a separate Bid and generate an acknowledgement slip ("**Acknowledgement Slip**"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three Acknowledgement Slips for each Bid cum Application Form. It is the Bidder's responsibility to obtain the TRS from the relevant Designated Intermediary. The registration of the Bid by the Designated Intermediary does not guarantee that the Equity Shares shall be allocated/ Allotted. Such Acknowledgement will be non-negotiable and by itself will not create any obligation of any kind. When a Bidder revises his or her Bid, he /she shall surrender the earlier Acknowledgement Slip and may request for a revised TRS from the relevant Designated Intermediary as proof of his or her having revised the previous Bid.
2. In relation to electronic registration of Bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the BRLMs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements, nor does it take any responsibility for the financial or other soundness of our Company, 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 the Draft Red Herring Prospectus or the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
3. In the event of an upward revision in the Price Band, Retail Individual Bidders who had Bid at 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 ₹ 200,000 if the Bidder wants to continue to Bid at Cut-off Price). The revised Bids must be submitted to the same Designated Intermediary to whom the original Bid was submitted. If the total amount (i.e., the original Bid Amount plus additional payment) exceeds ₹ 200,000, the Bid will be considered for allocation under the Non-Institutional Portion. If, however, the Retail Individual 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 Retail Individual Bidder and the Retail Individual Bidder is deemed to have approved such revised Bid at Cut-off Price.
4. In the event of a downward revision in the Price Band, Retail Individual Bidders who have bid at Cut-off Price may revise their Bid; otherwise, the excess amount paid at the time of Bidding would be unblocked after Allotment is finalised.
5. Any revision of the Bid shall be accompanied by instructions to block the incremental amount, if any, to be paid on account of the upward revision of the Bid.

In addition to the information provided in "*– Part B – General Information Document for Investing in Public Issues – Interest and Refunds - Mode of making refunds for Bidders/Applicants other than ASBA Bidders/Applicants*" on page 411.

### **Signing of the Underwriting Agreement and the RoC Filing**

Our Company intends to enter into an Underwriting Agreement with the Underwriters 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, Anchor Investor Issue Price, Issue size and underwriting arrangements and would be complete in all material respects.

### **GENERAL INSTRUCTIONS**

In addition to the general instructions provided in "*– Part B – General Information Document for Investing in Public Issues*" on page 384, Bidders are requested to note the additional instructions provided below.

#### **Do's:**

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law.

2. Ensure that you have Bid within the Price Band.
3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form.
4. Ensure that the PAN, DP ID and Client ID are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only.
5. Ensure that your Bid cum Application Form, bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time.
6. With respect to the ASBA Bids, ensure that the ASBA Form is signed by the account holder in case the applicant is not the ASBA Account holder. Ensure that you have mentioned the correct ASBA Account number in the ASBA Form.
7. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only.
8. With respect to Bids by SCSBs, ensure that you have a separate account in your own name with any other SCSB having clear demarcated funds for applying under the ASBA process and that such separate account (with any other SCSB) is used as the ASBA Account with respect to your Bid.
9. Ensure that you request for and receive a stamped Acknowledgement Slip of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary as proof of registration of the Bid cum Application Form.
10. Ensure that you have funds equal to the Bid Amount in the ASBA Account with the SCSB before submitting the ASBA Form to any of the Designated Intermediaries.
11. Instruct your respective banks to not release the funds blocked in the ASBA Account under the ASBA process until six Working Days from the Bid/ Issue Closing Date.
12. Submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised Acknowledgement Slip.
13. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the Income Tax Act. The exemption for the Central or the 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.
14. Ensure that the Demographic Details are updated, true and correct in all respects.
15. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
16. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. Ensure that the signature of the First Bidder is included in the Bid cum Application Forms.

17. Ensure that you tick the correct investor category and the investor status, as applicable, in the Bid cum Application Form to ensure proper upload of your Bid in the electronic Bidding system of the Stock Exchanges.
18. Ensure that for Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are submitted.
19. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws.
20. Ensure that the DP ID, the Client ID and the PAN mentioned in the Bid cum Application Form and entered into the electronic system of the Stock Exchanges by the relevant Designated Intermediary match with the DP ID, Client ID and PAN available in the Depository database.
21. Ensure that the Bid cum Application Forms are delivered by the Bidders within the time prescribed as per the Bid cum Application Form and the Red Herring Prospectus.
22. Ensure that while Bidding through a Designated Intermediary, the ASBA Form is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in>).
23. Ensure that you have mentioned the correct ASBA Account number in the Bid cum Application Form.
24. In relation to the ASBA Bids, ensure that you have correctly signed the authorisation/undertaking box in the ASBA Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the ASBA Form.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

***Don'ts:***

1. Do not Bid for lower than the minimum Bid size.
2. Do not Bid or revise Bid Amount to less than the Floor Price or higher than the Cap Price.
3. Do not Bid on another Bid cum Application Form after you have submitted a Bid to a Designated Intermediary.
4. Do not pay the Bid Amount by cheques and demand drafts or in cash, by money order or by postal order or by stockinvest.
5. Do not send ASBA Forms by post. Instead submit the same to only a Designated Intermediary.
6. Do not Bid on a physical ASBA Form that does not have the stamp of a Designated Intermediary.
7. Anchor Investors should not Bid through the ASBA process.
8. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders).
9. Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by Retail Individual Bidders).
10. 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 the Equity Shares that can be held under the applicable



laws or regulations or maximum amount permissible under the applicable regulations.

11. Do not submit the GIR number instead of the PAN.
12. Do not submit the Bids without instructions to block funds equivalent to the Bid Amount in the ASBA Account.
13. 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.
14. 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.
15. If you are a QIB, do not submit your Bid after 3.00 p.m. on the QIB Bid/ Issue Closing Date.
16. If you are a Non-Institutional Bidder or Retail Individual Bidder, do not submit your Bid after 3.00 p.m. on the Bid/ Issue Closing Date.
17. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872.
18. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Investor.
19. Do not submit more than five ASBA Forms per ASBA Account.
20. Do not submit ASBA Bids to a Designated Intermediary at a location other than the Bidding Centres.
21. Do not submit ASBA Bids to a Designated Intermediary at a Bidding Centre unless the SCSB where the ASBA Account is maintained, as specified in the Bid cum Application Form, has named at least one branch in the relevant Bidding Centre, for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in>).

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

#### INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

In addition to the instructions for completing the Bid cum Application Form provided in “– **Part B – General Information Document for Investing in Public Issues – Applying in the Issue – Instructions for filing the Bid cum Application Form/ Application Form**” on page 388, Bidders are requested to note the additional instructions provided below.

1. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal. Bids must be in single name or in joint names (not more than three, and in the same order as their Depository Participant details).
2. ASBA Bids must be made in a single name or in joint names (not more than three, and in the same order as their details appear with the Depository Participant), and completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the Red Herring Prospectus and in the ASBA Form.
3. Bids on a repatriation basis shall be in the names of individuals, or in the name of Eligible NRIs, FIIs or FPIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees. Bids by Eligible NRIs for a Bid Amount of up to ₹ 200,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than ₹ 200,000 would be considered under Non-Institutional Portion for the purposes of allocation.



### Designated Date and Allotment

- (a) Our Company will ensure that the Allotment and credit to the successful Bidder's depository account will be completed within six Working Days, or such period as may be prescribed by SEBI, of the Bid/ Issue Closing Date or such other period as may be prescribed.
- (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 2013 and the Depositories Act.

### Grounds for Technical Rejections

In addition to the grounds for rejection of Bids on technical grounds as provided in “– **Part B – General Information Document for Investing in Public Issues – Issue Procedure in Book Built Issue – Rejection and Responsibility for Upload of Bids – Grounds for Technical Rejections**” on page 404, Bidders are requested to note that Bids may be rejected on the following additional technical grounds.

- 1. Bid submitted without payment of the entire Bid Amount.
- 2. Bids submitted by Retail Individual Bidders which do not contain details of the Bid Amount and the bank account details in the ASBA Form.
- 3. Bids submitted on a plain paper.
- 4. Bids by HUFs not mentioned correctly as given in the sub-section titled “– **Who can Bid?**” on page 371.
- 5. ASBA Form submitted to a Designated Intermediary does not bear the stamp of the Designated Intermediary.
- 6. Bids submitted without the signature of the First Bidder or sole Bidder.
- 7. With respect to ASBA Bids, the ASBA Form not being signed by the account holders, if the account holder is different from the Bidder.
- 8. 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.
- 9. GIR number furnished instead of PAN.
- 10. Bids by Retail Individual Bidders with Bid Amount for a value more than ₹ 200,000.
- 11. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals.
- 12. Bids by Bidders (who are not Anchor Investors) accompanied by cheques or demand drafts.
- 13. Bids accompanied by stockinvest, money order, postal order or cash.
- 14. Bids by persons in the United States other than ‘qualified institutional buyers’ (as defined in Rule 144A of the Securities Act).
- 15. Bids uploaded by QIBs after 4.00 pm on the QIB Bid/ Issue Closing Date and by Non-Institutional Bidders uploaded after 4.00 p.m. on the Bid/ Issue Closing Date, and Bids by Retail Individual Bidders uploaded after 5.00 p.m. on the Bid/ Issue Closing Date, unless extended by the Stock Exchanges.

## **Depository Arrangements**

The Allotment of the Equity Shares in the Issue shall be only in a de-materialised form, (i.e., not in the form of physical certificates but fungible and represented by the statement issued through the electronic mode). In this context, two agreements had been signed among our Company, the respective Depositories and the Registrar to the Issue:

- Agreement dated October 26, 2010 among NSDL, the Company and the Registrar to the Issue.
- Agreement dated October 27, 2016 among CDSL, the Company and Registrar to the Issue.

## **UNDERTAKINGS BY OUR COMPANY**

Our Company undertakes the following:

- That if the Company does not proceed with the Issue after the Bid/ Issue Closing Date but prior to Allotment, the reason thereof shall be given as a public notice within two days of the Bid/ Issue Closing Date. The public notice shall be issued in the same newspapers where the pre- Issue advertisements were published. The stock exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly.
- That if our Company withdraws the entire or portion of the Issue after the Bid/ Issue Closing Date, our Company shall be required to file an updated offer document or a fresh offer document with the RoC/ SEBI, as the case may be, in the event our Company subsequently decides to proceed with the Issue.
- That the complaints received in respect of the Issue shall be attended to by the 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 are taken within six Working Days of the Bid/ Issue Closing Date or such other period as may be prescribed.
- if Allotment is not made, application monies will be refunded/unblocked in the ASBA Accounts within 15 days from the Bid/ Issue Closing Date or such lesser time as specified by SEBI, failing which interest will be due to be paid to the Bidders as per applicable laws.
- That where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the Bidder within 15 days from the Bid/ Issue Closing Date or such lesser time as specified by SEBI, giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit for the refund.
- That the certificates of the securities or refund orders to Eligible NRIs shall be despatched within specified time.
- That no further Issue of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are unblocked in the ASBA Accounts on account of non-listing, under-subscription, etc.
- We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

## **Utilisation of Issue proceeds**

Our Company specifically confirms and declare that all monies received out of this Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act 2013.

**Withdrawal of the Issue**

Our Company, in consultation with the BRLMs, reserves the right not to proceed with the entire or a portion of the Issue for any reason at any time after the Bid/ Issue Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the same newspapers in which the pre-Issue advertisements were published, within two days of the Bid/Issue Closing Date, providing reasons for not proceeding with the Issue. Further, the Stock Exchanges shall be informed promptly in this regard by our Company. The BRLMs, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification. In the event of withdrawal of the Issue and, subsequently, plans of a fresh offer by our Company, a fresh draft red herring prospectus will be submitted again to 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 within six Working Days or such other period as may be prescribed, and the final RoC approval of the Prospectus after it is filed with the RoC and the Stock Exchanges.

## PART B

### General Information Document for Investing in Public Issues

*This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, as amended or replaced by the Companies Act 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Bidders/Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Issue. For taking an investment decision, the Bidders/Applicants should rely on their own examination of the Issuer and the Issue, and should carefully read the Red Herring Prospectus/Prospectus before investing in the Issue.*

#### SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken through the Book-Building process as well as to the Fixed Price Issues. The purpose of the "General Information Document for Investing in Public Issues" is to provide general guidance to potential Bidders/Applicants in IPOs and FPOs, on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations, 2009").

Bidders/Applicants should note that investment in equity and equity related securities involves risk and Bidder/Applicant should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Issue and the relevant information about the Issuer undertaking the Issue are set out in the Red Herring Prospectus ("RHP")/Prospectus filed by the Issuer with the Registrar of Companies ("RoC"). Bidders/Applicants should carefully read the entire RHP/Prospectus and the Bid cum Application Form/Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Issue. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the RHP/Prospectus, the disclosures in the RHP/Prospectus shall prevail. The RHP/Prospectus of the Issue is available on the websites of stock exchanges, on the website(s) of the BRLMs to the Issue and on the website of Securities and Exchange Board of India ("SEBI") at [www.sebi.gov.in](http://www.sebi.gov.in).

For the definitions of capitalised terms and abbreviations used herein Bidders/Applicants may refer to the section "Glossary and Abbreviations".

#### SECTION 2: BRIEF INTRODUCTION TO IPOs/FPOs

##### 2.1 Initial public offer (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is *inter-alia* required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations, 2009. For details of compliance with the eligibility requirements by the Issuer, Bidders/Applicants may refer to the RHP/Prospectus.

##### 2.2 Further public offer (FPO)

An FPO means an offer of specified securities by a listed Issuer to the public for subscription and may include Offer for Sale of specified securities to the public by any existing holder of such securities in a listed Issuer.

For undertaking an FPO, the Issuer is *inter-alia* required to comply with the eligibility requirements in terms of Regulation 26/27 of SEBI ICDR Regulations, 2009. For details of compliance with the eligibility requirements by the Issuer Bidders/Applicants may refer to the RHP/Prospectus.

### 2.3 Other Eligibility Requirements:

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an Issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, 2009, the Companies Act, 1956 (the "Companies Act") as amended or replaced by the Companies Act 2013, the Securities Contracts (Regulation) Rules, 1957 (the "SCRR"), industry-specific regulations, if any, and other applicable laws for the time being in force.

For details in relation to the above Bidders/Applicants may refer to the RHP/Prospectus.

### 2.4 Types of Public Issues - Fixed Price Issues and Book Built Issues

In accordance with the provisions of the SEBI ICDR Regulations, 2009, an Issuer can either determine the Issue Price through the Book Building Process ("**Book Built Issue**") or undertake a Fixed Price Issue ("**Fixed Price Issue**"). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Draft Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-Issue advertisement was given at least five Working Days before the Bid/ Issue Opening Date, in case of an IPO and at least one Working Day before the Bid/ Issue Opening Date, in case of an FPO.

The Floor Price or the Issue Price cannot be lesser than the face value of the securities.

Bidders/Applicants should refer to the RHP/Prospectus or Issue advertisements to check whether the Issue is a Book Built Issue or a Fixed Price Issue.

### 2.5 OFFER PERIOD

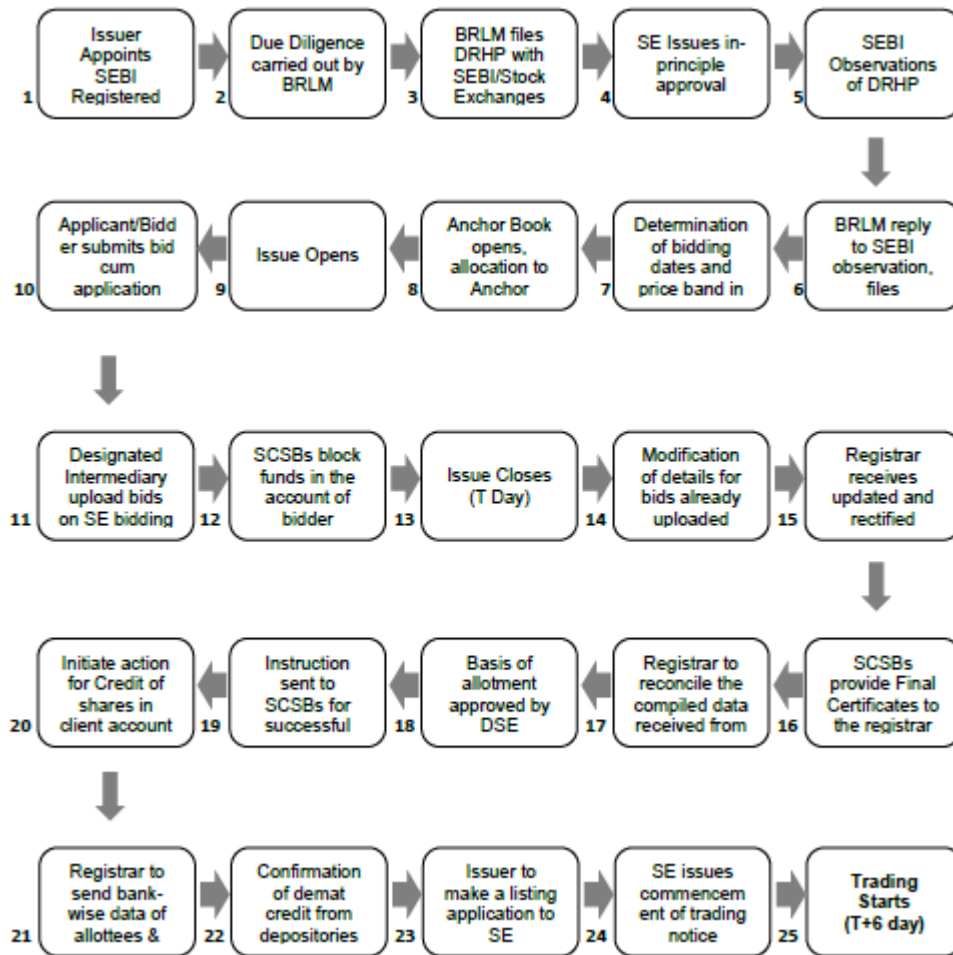
The Issue may be kept open for a minimum of three Working Days (for all category of Bidders/Applicants) and not more than ten Working Days. Bidders/Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP/Prospectus for details of the Bid/ Issue Period. Details of Bid/Issue Period are also available on the website of Stock Exchange(s).

In case of a Book Built Issue, the Issuer may close the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date if disclosures to that effect are made in the RHP. In case of revision of the Floor Price or Price Band in Book Built Issues the Bid/Issue Period may be extended by at least three Working Days, subject to the total Bid/Issue Period not exceeding 10 Working Days. For details of any revision of the Floor Price or Price Band, Bidders/Applicants may check the announcements made by the Issuer on the websites of the Stock Exchanges and the BRLMs, and the advertisement in the newspaper(s) issued in this regard.

### 2.6 FLOWCHART OF TIMELINES

A flow chart of process flow in Fixed Price and Book Built Issues is as follows Bidders/Applicants may note that this is not applicable for Fast Track FPOs:

- In case of Issue other than Book Built Issue (Fixed Price Issue) the process at the following of the below mentioned steps shall be read as:
  - (i) Step 7 : Determination of Issue Date and Price
  - (ii) Step 10: Applicant submits ASBA Form with any of the Designated Intermediaries.
  - (iii) Step 11: SCSB uploads ASBA Application details in Stock Exchange Platform
  - (iv) Step 12: Issue period closes
  - (v) Step 15: Not Applicable



### SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE

*Each Bidder/Applicant should check whether it is eligible to apply under applicable law.*

Further, certain categories of Bidders/Applicants, such as NRIs, FIIs, FPIs, QFIs and FVCIs may not be allowed to Bid/Apply in the Issue or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

Subject to the above, an illustrative list of Bidders/Applicants is as follows:

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);
- Bids/Applications belonging to an account for the benefit of a minor (under guardianship);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals;
- Companies, corporate bodies and societies registered under applicable law in India and authorised to invest in equity shares;
- QIBs;
- NRIs on a repatriation basis or on a non-repatriation basis subject to applicable law;
- Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations, 2009 and other laws, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, bidding under the QIBs category;
- FPIs (other than Category III FPIs) bidding in the QIBs category;
- Category III FPIs bidding in the Non Institutional Bidders category;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non Institutional Investors (NIIs) category;
- Trusts/societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008; and
- Any other person eligible to Bid/Apply in the Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws.
- As per the existing regulations, OCBs are not allowed to participate in the Issue.

### SECTION 4: APPLYING IN THE ISSUE

**Book Built Issue:** Bidders should only use the specified Bid cum Application Form (*i.e.*, in case of Anchor Investors, the Anchor Investor Application Form, and in case of Bidders other than Anchor Investors, the ASBA Forms) either bearing the stamp of a Designated Intermediary or downloaded from the websites of the Stock Exchanges.



Bid cum Application Forms are available with the Designated Intermediaries at the Bidding Centres and at the registered office of the Issuer. Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges at least one day prior to the Bid/ Issue Opening Date. For further details regarding availability of Bid cum Application Forms, Bidders may refer to the RHP/Prospectus.

**Fixed Price Issue:** Applicants should only use the specified cum Bid cum Application Form, bearing the stamp of the Designated Intermediary or downloaded from the websites of the Stock Exchanges. Application Forms are available with Designated Branches of the SCSBs and at the registered office of the Issuer. For further details regarding availability of Application Forms, Applicants may refer to the Prospectus.

Bidders/Applicants should ensure that they apply in the appropriate category. The prescribed color of the Bid cum Application Form for various categories of Bidders/Applicants is as follows:

Category	Color of the Bid cum Application Form
Resident Indian, Eligible NRIs applying on a non repatriation basis	White
NRIs, FVCIs, FIIs, their Sub-Accounts (other than Sub- Accounts which are foreign corporate(s) or foreign individuals bidding under the QIB) and FPIs	Blue
Anchor Investors (where applicable)	As specified by the Issuer

Securities issued in an IPO can only be in dematerialised form in compliance with Section 29 of the Companies Act 2013. Bidders/Applicants will not have the option of getting the allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to allotment.

#### 4.1 INSTRUCTIONS FOR FILLING THE BID CUM APPLICATION FORM / APPLICATION FORM

Bidders/Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the RHP and the Bid cum Application Form/Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form and samples are provided below.

The samples of the Bid cum Application Form for resident Bidders and the Bid cum Application Form for non-resident Bidders are reproduced below:



## Application Form for Non-Residents

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

<b>COMMON BID CUM APPLICATION FORM</b>	<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - NR</b> Address : ..... Contact Details: ..... CIN No. ....	<b>FOR NON-RESIDENTS, INCLUDING ELIGIBLE NRIS, FPIS OR FVCIS, ETC APPLYING ON A REPATRIATION BASIS</b>
--	---	--

LOGO

TO,  
THE BOARD OF DIRECTORS  
XYZ LIMITED

**BOOK BUILT ISSUE**

ISIN : .....

Bid cum Application Form No. ....

<b>SYNDICATE MEMBER'S STAMP &amp; CODE</b>	<b>BROKER/SCSB/DP/RTA STAMP &amp; CODE</b>	<b>1. NAME &amp; CONTACT DETAILS OF SOLE / FIRST BIDDER</b>
		Mr. / Ms. ....
<b>SUB-BROKER'S / SUB-AGENT'S STAMP &amp; CODE</b>	<b>ESCROW BANK/SCSB BRANCH STAMP &amp; CODE</b>	Address : .....
		Email : .....
<b>BANK BRANCH SERIAL NO.</b>	<b>SCSB SERIAL NO.</b>	Tel. No (with STD code) / Mobile : .....
		<b>2. PAN OF SOLE / FIRST BIDDER</b>
		.....

<b>3. BIDDER'S DEPOSITORY ACCOUNT DETAILS</b> <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL	<b>6. INVESTOR STATUS</b>
For NSDL, enter 8 digit DP ID followed by 8 digit Client ID / For CDSL, enter 16 digit Client ID	<b>NR1</b> Non-Resident Indian(s) (Repatriation basis)
	<b>FII</b> FII or Sub-account not a Corporate/Foreign Individual
	<b>FIIISA</b> FII Sub-account Corporate/Individual
	<b>FVCI</b> Foreign Venture Capital Investor
	<b>FPI</b> Foreign Portfolio Investors
	<b>OTH</b> Others (Please Specify) .....

<b>4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")</b>	<b>5. CATEGORY</b>																											
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th rowspan="2">Bid Options</th> <th rowspan="2">No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)</th> <th colspan="3">Price per Equity Share (₹) / "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)</th> <th rowspan="2">"Cut-off" (Please tick)</th> </tr> <tr> <th>Bid Price</th> <th>Retail Discount</th> <th>Net Price</th> </tr> <tr> <td>Option 1</td> <td>8   7   6   5   4   3   2   1</td> <td>3   2   1</td> <td>3   2   1</td> <td>3   2   1</td> <td><input type="checkbox"/></td> </tr> <tr> <td>(OR) Option 2</td> <td>.....</td> <td>.....</td> <td>.....</td> <td>.....</td> <td><input type="checkbox"/></td> </tr> <tr> <td>(OR) Option 3</td> <td>.....</td> <td>.....</td> <td>.....</td> <td>.....</td> <td><input type="checkbox"/></td> </tr> </table>	Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹) / "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			"Cut-off" (Please tick)	Bid Price	Retail Discount	Net Price	Option 1	8   7   6   5   4   3   2   1	3   2   1	3   2   1	3   2   1	<input type="checkbox"/>	(OR) Option 2	.....	.....	.....	.....	<input type="checkbox"/>	(OR) Option 3	.....	.....	.....	.....	<input type="checkbox"/>	<input type="checkbox"/> Retail Individual Bidder <input type="checkbox"/> Non-Institutional Bidder <input type="checkbox"/> QIB
Bid Options			No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹) / "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			"Cut-off" (Please tick)																					
	Bid Price	Retail Discount		Net Price																								
Option 1	8   7   6   5   4   3   2   1	3   2   1	3   2   1	3   2   1	<input type="checkbox"/>																							
(OR) Option 2	.....	.....	.....	.....	<input type="checkbox"/>																							
(OR) Option 3	.....	.....	.....	.....	<input type="checkbox"/>																							

<b>7. PAYMENT DETAILS</b>	<b>PAYMENT OPTION : FULL PAYMENT <input type="checkbox"/> PART PAYMENT <input type="checkbox"/></b>
Amount paid (₹ in figures) : .....	
(₹ in words) : .....	
<b>ASBA</b>	
Bank A/c No. ....	
Bank Name & Branch : .....	

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED AGREED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE "BIDDERS UNDERTAKING" AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

<b>8A. SIGNATURE OF SOLE / FIRST BIDDER</b>	<b>8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)</b>	<b>BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)</b>
Date : .....	I/We authorize the SCSB to do all acts as are necessary to make the Application in the line	
	1) .....	
	2) .....	
	3) .....	

TEAR HERE

<b>LOGO</b>	<b>XYZ LIMITED</b> <b>INITIAL PUBLIC ISSUE - NR</b>	<b>Acknowledgement Slip for Broker/SCSB/DP/RTA</b>	<b>Bid cum Application Form No. ....</b>
<b>DPID / CLID</b>	.....	<b>PAN of Sole / First Bidder</b>	.....
Amount paid (₹ in figures) : .....	Bank & Branch : .....	Stamp & Signature of SCSB Branch	
ASBA Bank A/c No. ....	.....		
Received from Mr./Ms. ....	.....		
Telephone / Mobile : .....	Email : .....		

TEAR HERE

<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - NR</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th></th> <th>Option 1</th> <th>Option 2</th> <th>Option 3</th> </tr> <tr> <td>No. of Equity Shares</td> <td>.....</td> <td>.....</td> <td>.....</td> </tr> <tr> <td>Bid Price</td> <td>.....</td> <td>.....</td> <td>.....</td> </tr> <tr> <td>Amount Paid (₹)</td> <td>.....</td> <td>.....</td> <td>.....</td> </tr> <tr> <td>ASBA Bank A/c No. ....</td> <td colspan="3">.....</td> </tr> <tr> <td>Bank &amp; Branch : .....</td> <td colspan="3">.....</td> </tr> </table>		Option 1	Option 2	Option 3	No. of Equity Shares	.....	.....	.....	Bid Price	.....	.....	.....	Amount Paid (₹)	.....	.....	.....	ASBA Bank A/c No. ....	.....			Bank & Branch : .....	.....			<p>Stamp &amp; Signature of Broker / SCSB / DP / RTA</p> <p>Name of Sole / First Bidder : .....</p> <p><b>Acknowledgement Slip for Bidder</b></p> <p>Bid cum Application Form No. ....</p>
	Option 1	Option 2	Option 3																							
No. of Equity Shares	.....	.....	.....																							
Bid Price	.....	.....	.....																							
Amount Paid (₹)	.....	.....	.....																							
ASBA Bank A/c No. ....	.....																									
Bank & Branch : .....	.....																									

390

#### 4.1.1 FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/FIRST BIDDER/APPLICANT

- (a) Bidders/Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.
- (b) **Mandatory Fields:** Bidders/Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/mobile number fields are optional. Bidders/Applicants should note that the contact details mentioned in the Bid-cum Application Form/Application Form may be used to dispatch communications in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer and the Designated Intermediaries only for correspondence(s) related to the Issue and for no other purposes.
- (c) **Joint Bids/Applications:** In the case of Joint Bids/Applications, the Bids /Applications should be made in the name of the Bidder/Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidder/Applicant would be required in the Bid cum Application Form/Application Form and such first Bidder/Applicant would be deemed to have signed on behalf of the joint holders
- (d) **Impersonation:** Attention of the Bidders/Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act 2013 which is reproduced below:

*“Any person who –*

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities, or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

*shall be liable for action under section 447.”*

The liability prescribed under Section 447 of the Companies Act 2013 includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

- (e) **Nomination Facility to Bidder/Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act 2013. In case of allotment of the Equity Shares in dematerialised form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders/Applicants should inform their respective DP.

#### 4.1.2 FIELD NUMBER 2: PAN NUMBER OF SOLE/FIRST BIDDER/APPLICANT

- (a) PAN (of the sole/ first Bidder/Applicant) provided in the Bid cum Application Form/Application Form should be exactly the same as the PAN of the person(s) in whose sole or first name the relevant beneficiary account is held as per the Depositories' records.
- (b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids/Applications on behalf of the Central or State Government, Bids/Applications by officials appointed by the courts and Bids/Applications by Bidders/Applicants residing in Sikkim ("PAN Exempted Bidders/Applicants"). Consequently, all Bidders/Applicants, other than the PAN Exempted

Bidders/Applicants, are required to disclose their PAN in the Bid cum Application Form/Application Form, irrespective of the Bid/Application Amount. A Bid cum Application Form/Application Form without PAN, except in case of Exempted Bidders/Applicants, is liable to be rejected. Bids/Applications by the Bidders/Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.

- (c) The exemption for the PAN Exempted Bidders/Applicants 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.
- (d) Bid cum Application Forms which provide the General Index Register Number instead of PAN may be rejected.
- (e) Bids/Applications by Bidders whose demat accounts have been 'suspended for credit' are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as "Inactive demat accounts" and demographic details are not provided by depositories.

#### 4.1.3 FIELD NUMBER 3: BIDDERS/APPLICANTS DEPOSITORY ACCOUNT DETAILS

- (a) Bidders/Applicants should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form/Application Form. The DP ID and Client ID provided in the Bid cum Application Form/Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Bid cum Application Form is liable to be rejected.**
- (b) Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form/Application Form is active.
- (c) Bidders/Applicants should note that on the basis of DP ID and Client ID as provided in the Bid cum Application Form/Application Form, the Bidder/Applicant may be deemed to have authorised the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for unblocking of ASBA Account or for other correspondence(s) related to the Issue.
- (d) Bidders/Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants' sole risk.

#### 4.1.4 FIELD NUMBER 4: BID OPTIONS

- (a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the Prospectus/RHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/ Issue Opening Date in case of an IPO, and at least one Working Day before Bid/ Issue Opening Date in case of an FPO.
- (b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs /FPOs undertaken through the Book Building Process. In the case of Alternate Book Building Process for an FPO, the Bidders may Bid at Floor Price or any price above the Floor Price (For further details bidders may refer to (Section 5.6 (e))
- (c) **Cut-Off Price:** Retail Individual Investors or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIIs and such Bids from QIBs and NIIs may be rejected.



- (d) **Minimum Application Value and Bid Lot:** The Issuer, in consultation with the BRLMs may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹ 15,000. The minimum Bid Lot is accordingly determined by an Issuer on basis of such minimum application value.
- (e) **Allotment:** The allotment of specified securities to each RII shall not be less than the minimum Bid Lot, subject to availability of shares in the RII category, and the remaining available shares, if any, shall be allotted on a proportionate basis. For details of the Bid Lot, bidders may to the RHP/Prospectus or the advertisement regarding the Price Band published by the Issuer.

#### 4.1.4.1 Maximum and Minimum Bid Size

- (a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Investors, Employees and Retail Individual Shareholders must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed ₹ 200,000.  
  
In case the Bid Amount exceeds ₹ 200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category, with it not being eligible for Discount then such Bid may be rejected if it is at the Cut-off Price.
- (b) For NRIs, a Bid Amount of up to ₹ 200,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding ₹ 200,000 may be considered under the Non-Institutional Category for the purposes of allocation.
- (c) Bids by QIBs and NIIs must be for such minimum number of shares such that the Bid Amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/Prospectus, or as advertised by the Issuer, as the case may be. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off Price'.
- (d) RII may revise or withdraw their bids till closure of the bidding period. QIBs and NII's cannot withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after bidding and are required to pay the Bid Amount upon submission of the Bid.
- (e) In case the Bid Amount reduces to ₹ 200,000 or less due to a revision of the Price Band, Bids by the Non-Institutional Bidders who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.
- (f) For Anchor Investors, if applicable, the Bid Amount shall be least ₹ 10 crores. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Portion under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bid/ Issue Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Issue Price is lower than the Issue Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Issue Price is lower than the Anchor Investor Issue Price, the amount in excess of the Issue Price paid by the Anchor Investors shall not be refunded to them.
- (g) A Bid cannot be submitted for more than the Issue size.
- (h) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.
- (i) The price and quantity options submitted by the Bidder in the Bid cum Application Form may

be treated as optional bids from the Bidder and may not be cumulated. After determination of the Issue Price, the highest number of Equity Shares Bid for by a Bidder at or above the Issue Price may be considered for allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process (For details of bidders may refer to (Section 5.6 (e))

#### 4.1.4.2 Multiple Bids

- (a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of Bids at three different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.

Submission of a second Bid cum Application Form to either the same or to another Designated Intermediary and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

- (b) Bidders are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple Bids:
  - (i) All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.
  - (ii) For Bids from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.
- (c) The following Bids may not be treated as multiple Bids:
  - (i) Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.
  - (ii) Bids by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.
  - (iii) Bids by Anchor Investors under the Anchor Investor Portion and the QIB Category.

#### 4.1.5 FIELD NUMBER 5: CATEGORY OF BIDDERS

- (a) The categories of Bidders identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and allotment in the Issue are RIIs, NIIs and QIBs.
- (b) Upto 60% of the QIB Category can be allocated by the Issuer, on a discretionary basis subject to the criteria of minimum and maximum number of anchor investors based on allocation size, to the Anchor Investors, in accordance with SEBI ICDR Regulations, 2009, with one-third of the Anchor Investor Portion reserved for domestic Mutual Funds subject to valid Bids being received at or above the Issue Price. For details regarding allocation to Anchor Investors, bidders may refer to the RHP/Prospectus.
- (c) An Issuer can make reservation for certain categories of Bidders/Applicants as permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Issue, Bidders/Applicants may refer to the RHP/Prospectus.
- (d) The SEBI ICDR Regulations, 2009, specify the allocation or allotment that may be made to various categories of Bidders in the Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation Bidder/Applicant may refer to the



RHP/Prospectus.

#### 4.1.6 **FIELD NUMBER 6: INVESTOR STATUS**

- (a) Each Bidder/Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective allotment to it in the Issue is in compliance with the investment restrictions under applicable law.
- (b) Certain categories of Bidders/Applicants, such as NRIs, FIIs, QFIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Issue or hold Equity Shares exceeding certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.
- (c) Bidders/Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.
- (d) Bidders/Applicants should ensure that their investor status is updated in the Depository records.

#### 4.1.7 **FIELD NUMBER 7: PAYMENT DETAILS**

- (a) The full Bid Amount (net of any Discount, as applicable) shall be blocked in a Bidder's ASBA Account based on the authorisation provided by the Bidder in the ASBA Form. If the Discount is applicable in the Issue, the RIIs should indicate the full Bid Amount in the Bid cum Application Form and the funds shall be blocked in respect of the Bid Amount net of Discount. Only in cases where the RHP/Prospectus indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less Discount offered, if any.
- (b) Bidders who Bid at Cut-off price shall deposit the Bid Amount based on the Cap Price.
- (c) QIBs and NIIs can participate in the Issue only through the ASBA mechanism.
- (d) All Bidders (except Anchor Investors) are required to Bid through the ASBA process.
- (e) Bid Amount cannot be paid in cash, through money order or through postal order.

##### 4.1.7.1 **Instructions for Anchor Investors:**

- (a) Anchor Investors may submit their Bids with a GCBRLM or a BRLM.
- (b) Payments by Anchor Investors are required to be made through direct credit, RTGS or NEFT.
- (c) The Escrow Collection Bank shall maintain the monies in the Escrow Account for and on behalf of the Anchor Investors until the Designated Date.

##### 4.1.7.2 **Payment instructions for ASBA Bidders**

- (a) Bidders may submit the ASBA Form either
  - (i) in electronic mode through the internet banking facility offered by an SCSB authorising blocking of funds that are available in the ASBA account specified in the Bid cum Application Form, or
  - (iii) in physical mode to a Designated Intermediary at a Bidding Centre.
- (b) ASBA Bidders must specify the Bank Account number in the Bid cum Application Form. The

Bid cum Application Form submitted by an ASBA Bidder and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, will not be accepted.

- (c) Bidders should ensure that the Bid cum Application Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder;
- (d) Bidders shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.
- (e) From one ASBA Account, a maximum of five Bid cum Application Forms can be submitted.
- (f) Bidders should submit the Bid cum Application Form only at a Bidding Centre i.e to the respective member of the Syndicate at the Specified Locations, the SCSBs, the Registered Broker at the Broker Centres, the RTA at the Designated RTA Locations or CDP at the Designated CDP Locations.
- (g) ASBA Bidders bidding through a Designated Intermediary other than an SCSB should note that the ASBA Forms submitted to the Designated Intermediary may not be accepted by the Designated Intermediary, if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for such Designated Intermediary to deposit Bid cum Application Forms.
- (h) **ASBA Bidders bidding directly through the SCSBs** should ensure that the ASBA Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.
- (i) Upon receipt of the ASBA Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form.
- (j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the ASBA Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.
- (k) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not accept such Bids on the Stock Exchange platform and such bids are liable to be rejected.
- (l) Upon submission of a completed Bid cum Application Form each ASBA Bidder may be deemed to have agreed to block the entire Bid Amount and authorised the Designated Branch of the SCSB to block the Bid Amount specified in the Bid cum Application Form in the ASBA Account maintained with the SCSBs.
- (m) The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Bid, as the case may be.
- (n) SCSBs bidding in the Issue must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

#### 4.1.7.2.1 Unblocking of ASBA Account

- (a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Bid, (iii) the

date by which funds referred to in (ii) above may 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 or unsuccessful Bids, if any, to enable the SCSBs to unblock the respective bank accounts.

- (b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful ASBA Bidder to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.
- (c) In the event of withdrawal or rejection of the Bid cum Application Form and for unsuccessful Bids, the Registrar to the Issue may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within six Working Days of the Bid/ Issue Closing Date.

#### 4.1.7.3 **Additional Payment Instructions for NRIs**

The Non-Resident Indians who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (non-repatriation basis). In the case of Bids by NRIs applying on a repatriation basis, payment shall not be accepted out of NRO Account.

#### 4.1.7.4 **Discount (if applicable)**

- (a) The Discount is stated in absolute rupee terms.
- (b) Bidders applying under RII category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Issue, Bidders may refer to the RHP/Prospectus.
- (c) The Bidders entitled to the applicable Discount in the Issue may make payment for an amount i.e. the Bid Amount less Discount (if applicable).

Bidder may note that in case the net amount blocked (post Discount) is more than two lakh Rupees, the bidding system automatically considers such applications for allocation under Non-Institutional Category. These applications are neither eligible for Discount nor fall under RII category.

#### 4.1.8 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS**

- (a) Only the First Bidder/Applicant is required to sign the Bid cum Application Form/Application Form. Bidders/Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.
- (b) If the ASBA Account is held by a person or persons other than the ASBA Bidder/Applicant., then the Signature of the ASBA Account holder(s) is also required.
- (c) In relation to the ASBA Bids/Applications, signature has to be correctly affixed in the authorisation/undertaking box in the Bid cum Application Form/Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form/Application Form.
- (d) Bidders/Applicants must note that Bid cum Application Form/Application Form without signature of Bidder/Applicant and /or ASBA Account holder is liable to be rejected.

#### 4.1.9 **ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

- (a) Bidders should ensure that they receive the Acknowledgment Slip duly signed and stamped by the relevant Designated Intermediary for submission of the ASBA Form.
- (b) All communications in connection with Bids/Applications made in the Issue should be addressed as under:

- (i) In case of queries related to Allotment, non-receipt of Allotment Advice, credit of allotted equity shares, refund orders, the Bidders/Applicants should contact the Registrar to the Issue.
  - (ii) In case of ASBA Bids submitted to the Designated Branches of the SCSBs, the Bidders/Applicants should contact the relevant Designated Branch of the SCSB.
  - (iii) In case of queries relating to uploading of Bids by a Designated Intermediary other than an SCSB, the Bidders/Applicants should contact the relevant Designated Intermediary.
  - (iv) Bidder/Applicant may contact the Company Secretary and Compliance Officer or BRLMs in case of any other complaints in relation to the Issue.
- (d) The following details (as applicable) should be quoted while making any queries –
- (v) full name of the sole or First Bidder/Applicant, Bid cum Application Form number, Applicants'/Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, amount blocked on application.
  - (vi) name and address of the Designated Intermediary where the Bid was submitted; and
  - (vii) The ASBA Account number in which the amount equivalent to the Bid Amount was blocked.

For further details, Bidder/Applicant may refer to the RHP/ Prospectus and the Bid cum Application Form.

#### 4.2 INSTRUCTIONS FOR FILING THE REVISION FORM

- (a) During the Bid/ Issue Period, any Bidder/Applicant (other than QIBs and NIIs, who can only revise their bid upwards) who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.
- (b) RII may revise or withdraw their bids till closure of the bidding period.
- (c) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.
- (d) The Bidder/Applicant can make this revision any number of times during the Bid/ Issue Period. However, for any revision(s) in the Bid, the Bidders/Applicants will have to use the services of the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid. Bidders/Applicants advised to retain copies of the blank Revision Form and the Bid(s) must be made only in such Revision Form or copies thereof.

A sample Revision form is reproduced below:

<b>COMMON BID REVISION FORM</b>		<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - R</b>		<b>FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs, AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS</b>	
Address : _____		Contact Details : _____		CIN No : _____	
TO, THE BOARD OF DIRECTORS XYZ LIMITED		BOOK BUILT ISSUE ISIN : _____		Bid cum Application Form No. _____	
SYNDICATE MEMBER'S STAMP & CODE		BROKER/SCSB/DP/RTA STAMP & CODE		1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER	
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE		BROKER/BANK/SCSB BRANCH STAMP & CODE		Mr./Ms. _____	
BANK BRANCH SERIAL NO.		SCSB SERIAL NO.		Address : _____	
				Tel. No. (with STD code) / Mobile : _____	
				2. PAN OF SOLE / FIRST BIDDER : _____	
				3. BIDDER'S DEPOSITORY ACCOUNT DETAILS : <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL	
				For NSDL, enter 8 digit DP ID followed by 8 digit Client ID / For CDSL, enter 16 digit Client ID	
<b>PLEASE CHANGE MY BID</b>					
<b>4. FROM (AS PER LAST BID OR REVISION)</b>					
Bid Options		No. of Equity Shares Bid (Bid must be in multiples of Bid Lot as advertised)		Price per Equity Share (₹) "Cut-off" (Price in multiples of ₹ 1/- only)	
		(In Figures)		(In Figures)	
		8 7 6 5 4 3 2 1		8 7 6 5 4 3 2 1	
Option 1				Bid Price	
Option 2				Retail Discount	
Option 3				Net Price	
				"Cut-off" (Please tick)	
<b>5. TO (Revised Bid) (Only Retail Individual Bidders can bid at "Cut-off")</b>					
Bid Options		No. of Equity Shares Bid (Bid must be in multiples of Bid Lot as advertised)		Price per Equity Share (₹) "Cut-off" (Price in multiples of ₹ 1/- only)	
		(In Figures)		(In Figures)	
		8 7 6 5 4 3 2 1		8 7 6 5 4 3 2 1	
Option 1				Bid Price	
Option 2				Retail Discount	
Option 3				Net Price	
				"Cut-off" (Please tick)	
<b>6. PAYMENT DETAILS</b>					
Additional Amount Paid (₹ in figure) _____ ₹ in words) _____					
ASBA Bank A/c No. _____					
Bank Name & Branch : _____					
<b>7. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)</b>					
I/We authorize the SCSB to do all acts as are necessary to make the Application in the form		Stamp & Signature of Broker / SCSB / DP / RTA		Stamp & Signature of SCSB Branch	
Date : _____					
<b>ACKNOWLEDGEMENT SLIP FOR BROKER/SCSB/DP/RTA</b>					
LOGO		XYZ LIMITED		Bid cum Application Form No. _____	
DDP ID / CDSL ID		PAN of Sole / First Bidder			
Additional Amount Paid (₹)		Bank & Branch		Stamp & Signature of SCSB Branch	
ASBA Bank A/c No.		Received from Mr./Ms.			
Telephone / Mobile		Email			
<b>ACKNOWLEDGEMENT SLIP FOR BIDDER</b>					
XYZ LIMITED - BID REVISION FORM - INITIAL PUBLIC ISSUE - R		Option 1		Option 2	
		Option 3		Stamp & Signature of Broker / SCSB / DP / RTA	
No. of Equity Shares		Bid Price		Name of Sole / First Bidder	
Additional Amount Paid (₹)		ASBA Bank A/c No.		Bid cum Application Form No. _____	
Bank & Branch					

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

#### 4.2.1 FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT AND DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT

Bidders/Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

#### 4.2.2 FIELD 4 AND 5: BID OPTIONS REVISION 'FROM' AND 'TO'

- (a) Apart from mentioning the revised options in the Revision Form, the Bidder/Applicant must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder/Applicant has Bid for three options in the Bid cum Application Form and such Bidder/Applicant is changing only one of the options in the Revision Form, the Bidder/Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The Designated Intermediaries may not accept incomplete or inaccurate Revision Forms.
- (b) In case of revision, Bid options should be provided by Bidders/Applicants in the same order as provided in the Bid cum Application Form.

- (c) In case of revision of Bids by RIIs, Employees and Retail Individual Shareholders, such Bidders/Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed ₹ 200,000. In case the Bid Amount exceeds ₹ 200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIIs, Employees and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process.
- (d) In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 200,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the RHP/Prospectus. If, however, the RII 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 RII and the RII is deemed to have approved such revised Bid at Cut-off Price.
- (e) In case of a downward revision in the Price Band, RIIs who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding may be unblocked after finalisation of the basis of allotment.

#### 4.2.3 **FIELD 6: PAYMENT DETAILS**

- (a) All Bidders/Applicants are required to authorise that the full Bid Amount (less Discount (if applicable)) is blocked in the ASBA Accounts. In case of Bidders/Applicants specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.
- (b) Bidder/Applicant may issue instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable)) in the ASBA Account, to the same Designated Intermediary through whom such Bidder/Applicant had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.
- (c) In case the total amount (i.e., original Bid Amount less discount (if applicable)) plus additional payment) exceeds ₹ 200,000, the Bid may be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the Bidder/Applicant 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 may be adjusted downwards for the purpose of allotment, such that no additional payment is required from the Bidder/Applicant and the Bidder/Applicant is deemed to have approved such revised Bid at the Cut-off Price.
- (d) In case of a downward revision in the Price Band, RIIs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount blocked at the time of bidding may be unblocked after finalisation of the basis of allotment.

#### 4.2.4 **FIELDS 7: SIGNATURES AND ACKNOWLEDGEMENTS**

Bidders/Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

### 4.3 **INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)**

#### 4.3.1 **FIELDS 1, 2, 3 NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT AND DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.



#### 4.3.2 FIELD 4: PRICE, APPLICATION QUANTITY AND AMOUNT

- (a) The Issuer may mention Price or Price band in the draft Prospectus. However a prospectus registered with RoC contains one price or coupon rate (as applicable).
- (b) **Minimum Application Value and Bid Lot:** The Issuer, in consultation with the Lead Managers to the Issue (LM) may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹ 15,000. The minimum Lot size is accordingly determined by an Issuer on basis of such minimum application value.
- (c) Applications by RIIs, Employees and Retail Individual Shareholders, must be for such number of shares so as to ensure that the application amount payable does not exceed ₹ 200,000.
- (d) Applications by other investors must be for such minimum number of shares such that the application amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the application form and the Prospectus, or as advertised by the Issuer, as the case may be.
- (e) An application cannot be submitted for more than the Issue size.
- (f) The maximum application by any Applicant should not exceed the investment limits prescribed for them under the applicable laws.
- (g) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or other SCSB and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.
- (h) Applicants are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple applications:
  - (i) All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple applications by a Bidder/Applicant and may be rejected.
  - (ii) For applications from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.
- (i) The following applications may not be treated as multiple Bids:
  - (i) Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Bid has been made.
  - (ii) Applications by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

#### 4.3.3 FIELD NUMBER 5: CATEGORY OF APPLICANTS

- (a) The categories of applicants identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and allotment in the Issue are RIIs, individual applicants other than RII's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).



- (b) An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Issue, applicants may refer to the Prospectus.
- (c) The SEBI ICDR Regulations, 2009 specify the allocation or allotment that may be made to various categories of applicants in the Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation applicant may refer to the Prospectus.

#### 4.3.4 **FIELD NUMBER 6: INVESTOR STATUS**

Applicants should refer to instructions contained in paragraphs 4.1.6.

#### 4.3.5 **FIELD 7: PAYMENT DETAILS**

- (a) All Applicants (other than Anchor Investors) are required to make use of ASBA for applying in the Issue.
- (b) Application Amount cannot be paid through cheques and demand drafts or in cash, through money order or through postal order or through stock invest.

##### 4.3.5.1 **Payment instructions for ASBA Applicants**

Applicants should refer to instructions contained in paragraphs 4.1.7.2.

##### 4.3.5.2.1 **Unblocking of ASBA Account**

Applicants should refer to instructions contained in paragraphs 4.1.7.2.1.

##### 4.3.5.2 **Discount (if applicable)**

- (a) The Discount is stated in absolute rupee terms.
- (b) RIIs, Employees and Retail Individual Shareholders are only eligible for discount. For Discounts offered in the Issue, applicants may refer to the Prospectus.
- (c) The Applicants entitled to the applicable Discount in the Issue may authorise blocking of an amount i.e. the Application Amount less Discount (if applicable).

#### 4.3.6 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS AND ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

Applicants should refer to instructions contained in paragraphs 4.1.8 and 4.1.9.

#### 4.4 **SUBMISSION OF BID CUM APPLICATION FORM/ REVISION FORM/APPLICATION FORM**

##### 4.4.1 **Bidders/Applicants may submit completed Bid-cum-application form / Revision Form in the following manner:-**

Mode of Application	Submission of Bid cum Application Form
Application by Anchor Investors	To the Global Coordinators and Book Running Lead Managers and the Book Running Lead Managers at the locations specified in the Anchor Investor Application Form
Applications by other Bidders	(a) To members of the Syndicate in the Specified Locations or Registered Brokers at the Broker Centres, or the RTA at the Designated RTA Location or the DP at the Designated CDP Locations.
	(b) To the Designated branches of the SCSBs

- (a) Bidders/Applicants should submit the Revision Form to the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid.
- (c) Upon submission of the Bid-cum-Application Form, the Bidder/Applicant will be deemed to have authorised the Issuer to make the necessary changes in the RHP and the Bid cum Application Form as would be required for filing Prospectus with the Registrar of Companies (RoC) and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Bidder/Applicant.
- (d) Upon determination of the Issue Price and filing of the Prospectus with the RoC, the Bid-cum Application Form will be considered as the application form.

## **SECTION 5: ISSUE PROCEDURE IN BOOK BUILT ISSUE**

Book Building, in the context of the Issue, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Issue Price based on the Bids received as detailed in Schedule XI of SEBI ICDR Regulations, 2009. The Issue Price is finalised after the Bid/ Issue Closing Date. Valid Bids received at or above the Issue Price are considered for allocation in the Issue, subject to applicable regulations and other terms and conditions.

### **5.1 SUBMISSION OF BIDS**

- (a) During the Bid/ Issue Period, Bidders/Applicants may approach the Designated Intermediaries to submit and register their Bids. Anchor Investors who are interested in subscribing for the Equity Shares should approach the Global Coordinators and Book Running Lead Managers and the Book Running Lead Managers to register their Bids.
- (b) In case of Bidders/Applicants (excluding NIIs and QIBs) bidding at Cut-off Price, the Bidders/Applicants may instruct the SCSBs to block Bid Amount based on the Cap Price less discount (if applicable).
- (d) For Details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders/Applicants are requested to refer to the RHP.

### **5.2 ELECTRONIC REGISTRATION OF BIDS**

- (a) The Designated Intermediaries may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the online facilities for Book Building on a regular basis before the closure of the Issue.
- (b) On the Bid/ Issue Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in the Draft Ref Herring Prospectus and the Red Herring Prospectus.
- (c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/ Allotment. The Designated Intermediaries are given up to one day after the Bid/ Issue Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/ Issue Period after which the Stock Exchange(s) send the bid information to the Registrar for validation of the electronic bid details with the Depository's records.

### **5.3 BUILD UP OF THE BOOK**

- (a) Bids received from various Bidders/Applicants through the Designated Intermediaries may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the BRLMs at the end of the Bid/ Issue Period.

- (b) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the bidding centres during the Bid/ Issue Period.

#### **5.4 WITHDRAWAL OF BIDS**

- (a) RIIs can withdraw their Bids until the Bid/ Issue Closing Date. In case a RII wishes to withdraw the Bid during the Bid/ Issue Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.
- (b) The Registrar to the Issue shall give instruction to the SCSB for unblocking the ASBA Account upon or after finalisation of the basis of allotment. QIBs and NIIs can neither withdraw nor lower the size of their Bids at any stage.

#### **5.5 REJECTION AND RESPONSIBILITY FOR UPLOAD OF BIDS**

- (a) The Designated Intermediaries are individually responsible for the acts, mistakes or errors or omission in relation to
  - (i) the Bids accepted by the Designated Intermediaries,
  - (ii) the Bids uploaded by the Designated Intermediaries, or
  - (iii) the Bid cum application forms accepted but not uploaded by the Designated Intermediaries.
- (b) The BRLMs and their affiliate Syndicate Members, as the case may be, may reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect.
- (c) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.
- (d) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) the BRLMs and their affiliate Syndicate Members (only in the specified locations) have the right to reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.
- (e) All bids by QIBs, NIIs and RIIs Bids can be rejected on technical grounds listed herein.

##### **5.5.1 GROUNDS FOR TECHNICAL REJECTIONS**

Bid cum Application Forms/Application Form can be rejected on the below mentioned technical grounds either at the time of their submission to the Designated Intermediaries or at the time of finalisation of the Basis of Allotment. Bidders/Applicants are advised to note that the Bids/Applications are liable to be rejected, inter-alia, on the following grounds, which have been detailed at various places in this GID:-

- (a) Bid/Applications accompanied by cash, demand draft, cheque, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB;
- (b) Bid/Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);
- (c) Bids/Applications by OCBs;
- (d) In case of partnership firms, Bid/Application for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;

- (e) In case of Bids/Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not being submitted along with the Bid cum application form;
- (f) Bids/Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- (g) Bids/Applications by any person outside India if not in compliance with applicable foreign and Indian laws;
- (h) DP ID and Client ID not mentioned in the Bid cum Application Form/Application Form;
- (i) PAN not mentioned in the Bid cum Application Form/Application Form except for Bids/Applications by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;
- (j) In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;
- (k) Bids/Applications for lower number of Equity Shares than the minimum specified for that category of investors;
- (l) Bids/Applications at a price less than the Floor Price and Bids/Applications at a price more than the Cap Price;
- (m) Bids/Applications at Cut-off Price by NIIs and QIBs;
- (n) The amounts mentioned in the Bid cum Application Form/Application Form does not tally with the amount payable for the value of the Equity Shares Bid/Applied for;
- (o) Bids/Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- (p) Submission of more than five Bid cum Application Forms/Application Form as per ASBA Account;
- (q) Bids not uploaded in the Stock Exchanges bidding system
- (r) Bids/Applications for number of Equity Shares which are not in multiples Equity Shares which are not in multiples as specified in the RHP;
- (s) Multiple Bids/Applications as defined in this GID and the RHP/Prospectus;
- (t) Bid cum Application Forms/Application Forms are not delivered by the Bidders/Applicants within the time prescribed as per the Bid cum Application Forms/Application Form, Bid/ Issue Opening Date advertisement and as per the instructions in the RHP and the Bid cum Application Forms;
- (u) Inadequate funds in the bank account to block the Bid/Application Amount specified in the ASBA Form at the time of blocking such Bid/Application Amount in the bank account;
- (v) Where no confirmation is received from SCSB for blocking of funds;
- (w) Bids/Applications by Bidders (other than Anchor Investors) that are not submitted through ASBA process;
- (x) ASBA Bids/Applications submitted to a Designated Intermediary at locations other than the Bidding Centres, submitted to the Escrow Collecting Banks (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the issuer or the Registrar to the Issue;

- (y) Bids/Applications not uploaded on the terminals of the Stock Exchanges;
- (z) Bids/Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form.

## 5.6 BASIS OF ALLOCATION

- (a) The SEBI ICDR Regulations, 2009 specify the allocation or Allotment that may be made to various categories of Bidders/Applicants in the Issue depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Issue size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP / Prospectus. For details in relation to allocation, the Bidder/Applicant may refer to the RHP / Prospectus.
- (b) Under-subscription in any category (except for the QIB Portion) is allowed to be met with spill-over from any other category or combination of categories at the discretion of the Issuer in consultation with the BRLMs and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations, 2009. Unsubscribed portion in QIB category is not available for subscription to other categories.
- (c) For allocation in the event of an under-subscription applicable to the Issuer, Bidders/Applicants may refer to the RHP.
- (d) **Illustration of the Book Building and Price Discovery Process**

*Bidders should note that this example is solely for illustrative purposes and is not specific to the Offer; it also excludes bidding by Anchor Investors.*

Bidders can bid at any price within the Price Band. For instance, assume a Price Band of ₹ 20 to ₹ 24 per share, Issue size of 3,000 Equity Shares and receipt of five Bids from Bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the Equity Shares of the Issuer at various prices and is collated from Bids received from various investors.

Bid Quantity	Bid Amount (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 Equity Shares is the price at which the book cuts off, i.e., ₹ 22.00 in the above example. The Issuer, in consultation with the BRLMs may finalise the Issue Price at or below such Cut-Off Price, i.e., at or below ₹ 22.00. All Bids at or above this Issue Price and cut-off Bids are valid Bids and are considered for allocation in the respective categories.

### (e) Alternate Method of Book Building

In case of FPOs, Issuers may opt for an alternate method of Book Building in which only the Floor Price is specified for the purposes of bidding ("Alternate Book Building Process").

The Issuer may specify the Floor Price in the RHP or advertise the Floor Price at least one Working Day prior to the Bid/ Issue Opening Date. QIBs may Bid at a price higher than the Floor Price and the Allotment to the QIBs is made on a price priority basis. The Bidder with the

highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder is Allotted Equity Shares and this process continues until all the Equity Shares have been allotted. RIIs, NIIs and Employees are Allotted Equity Shares at the Floor Price and allotment to these categories of Bidders is made proportionately. If the number of Equity Shares Bid for at a price is more than available quantity then the allotment may be done on a proportionate basis. Further, the Issuer may place a cap either in terms of number of specified securities or percentage of issued capital of the Issuer that may be allotted to a single Bidder, decide whether a Bidder be allowed to revise the bid upwards or downwards in terms of price and/or quantity and also decide whether a Bidder be allowed single or multiple bids.

## **SECTION 6: ISSUE PROCEDURE IN FIXED PRICE ISSUE**

Applicants may note that there is no Bid cum Application Form in a Fixed Price Issue. As the Issue Price is mentioned in the Fixed Price Issue therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through a Designated Intermediary.

ASBA Applicants may submit an Application Form either in physical form to the Syndicate Members or Registered Brokers or the Designated Branches of the SCSBs or in the electronic form to the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only ("ASBA Account"). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Bid/ Issue Opening Date.

In a fixed price Issue, allocation in the offer to the public category is made as follows: minimum fifty per cent to Retail Individual Investors; and remaining to (i) individual investors other than Retail Individual Investors; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

For details of instructions in relation to the Application Form, Bidders/Applicants may refer to the relevant section the GID.

## **SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT**

The allotment of Equity Shares to Bidders/Applicants other than Retail Individual Investors and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to RHP/Prospectus. No Retail Individual Investor will be allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Investor Category and the remaining available shares, if any will be allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Issue (excluding any Offer for Sale of specified securities). However, in case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

### **7.1 ALLOTMENT TO RIIs**

Bids received from the RIIs at or above the Issue Price may be grouped together to determine the total demand under this category. If the aggregate demand in this category is less than or equal to the Retail Category at or above the Issue Price, full Allotment may be made to the RIIs to the extent of the valid Bids. If the aggregate demand in this category is greater than the allocation to in the Retail Category at or above the Issue Price, then the maximum number of RIIs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot ("Maximum RII Allottees"). The Allotment to the RIIs will then be made in the following manner:

- (a) In the event the number of RIIs who have submitted valid Bids in the Issue is equal to or less than Maximum RII Allottees, (i) all such RIIs shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the Retail Category shall be Allotted on a proportionate basis to the RIIs who have received Allotment as per (i) above for the balance



demand of the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).

- (b) In the event the number of RIIs who have submitted valid Bids in the Issue is more than Maximum RII Allottees, the RIIs (in that category) who will then be allotted minimum Bid Lot shall be determined on the basis of draw of lots.

## 7.2 ALLOTMENT TO NIIs

Bids received from NIIs at or above the Issue Price may be grouped together to determine the total demand under this category. The allotment to all successful NIIs may be made at or above the Issue Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Issue Price, full allotment may be made to NIIs to the extent of their demand. In case the aggregate demand in this category is greater than the Non-Institutional Category at or above the Issue Price, allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Category.

## 7.3 ALLOTMENT TO QIBs

For the Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to the SEBI ICDR Regulations, 2009 or RHP / Prospectus. Bids received from QIBs bidding in the QIB Category (net of Anchor Portion) at or above the Issue Price may be grouped together to determine the total demand under this category. The QIB Category may be available for allotment to QIBs who have Bid at a price that is equal to or greater than the Issue Price. Allotment may be undertaken in the following manner:

- (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Category may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Category, allocation to Mutual Funds may be done on a proportionate basis for up to 5% of the QIB Category; (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Category then all Mutual Funds may get full allotment to the extent of valid Bids received above the Issue Price; and (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for allotment to all QIBs as set out at paragraph 7.4(b) below;
- (b) In the second instance, allotment to all QIBs may be determined as follows: (i) In the event of oversubscription in the QIB Category, all QIBs who have submitted Bids above the Issue Price may be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Category; (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; and (iii) Under-subscription below 5% of the QIB Category, if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

## 7.4 ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)

- (a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of the Issuer, in consultation with the BRLMs, subject to compliance with the following requirements:
  - (i) not more than 60% of the QIB Portion will be allocated to Anchor Investors;
  - (ii) one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and
  - (iii) allocation to Anchor Investors shall be on a discretionary basis and subject to:
    - a maximum number of two Anchor Investors for allocation up to ₹ 10 crores;
    - a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹ 10 crores and up to ₹ 250



- crores subject to minimum allotment of ₹ 5 crores per such Anchor Investor; and
  - a minimum number of five Anchor Investors and maximum number of 25 Anchor Investors for allocation of more than ₹ 250 crores subject to minimum allotment of ₹ 5 crores per such Anchor Investor.
- (b) A physical book is prepared by the Registrar on the basis of the Anchor Investor Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the Issuer, in consultation with the BRLMs, selected Anchor Investors will be sent a CAN and if required, a revised CAN.
- (c) **In the event that the Issue Price is higher than the Anchor Investor Issue Price:** Anchor Investors will be sent a revised 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 are then required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.
- (d) **In the event the Issue Price is lower than the Anchor Investor Issue Price:** Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

## 7.5 BASIS OF ALLOTMENT FOR QIBs (OTHER THAN ANCHOR INVESTORS) AND NIIs IN CASE OF OVER-SUBSCRIBED ISSUE

In the event of the Issue being over-subscribed, the Issuer may finalise the Basis of Allotment in consultation with the Designated Stock Exchange in accordance with the SEBI ICDR Regulations, 2009.

The allocation may be made in marketable lots, on a proportionate basis as explained below:

- (a) Bidders may 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 may 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 may 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 the minimum bid lot decided per Bidder, the allotment may be made as follows: the successful Bidders out of the total Bidders for a category may be determined by a 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 may be Allotted a minimum of such Equity Shares equal to the minimum Bid Lot finalised by the Issuer;
- (e) If the proportionate allotment to a Bidder is a number that is more than the minimum Bid lot but is not a multiple of one (which is the marketable lot), the decimal may 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 may be rounded off to the lower whole number. Allotment to all bidders in such categories may be arrived at after such rounding off; and
- (f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for allotment may 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 may be added to the category comprising

Bidders applying for minimum number of Equity Shares.

## 7.6 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

- (a) **Designated Date:** On the Designated Date, the Escrow Collection Bank shall transfer the funds represented by allocation of Equity Shares to Anchor Investors from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders applying in the Anchor Investor Portion shall also be made from the Refund Account as per the terms of the Escrow Agreement and the RHP. On the Designated Date, the Registrar to the Issue shall instruct the SCSBs to unblock funds represented by allocation of Equity Shares from ASBA Accounts into the Public Issue Account.
- (b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Bidders/Applicants **are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Issue.**

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders/Applicants who have been Allotted Equity Shares in the Issue.

- (c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.
- (d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Bidders/Applicants Depository Account will be completed within six Working Days of the Bid/ Issue Closing Date.

## SECTION 8: INTEREST AND REFUNDS

### 8.1 COMPLETION OF FORMALITIES FOR LISTING AND COMMENCEMENT OF TRADING

The Issuer 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 six Working Days of the Bid/ Issue Closing Date. The Registrar to the Issue may initiate corporate action for credit to Equity Shares the beneficiary account with the Depositories, and dispatch the Allotment Advice within six Working Days of the Bid/ Issue Closing Date.

If there is a delay beyond the prescribed time after the Issuer becomes liable to pay the amount received from Bidders, then the Issuer and every director of the Issuer who is an officer in default may on and from expiry of 15 Working Days, be jointly and severally liable to repay the money, with interest at rates prescribed under applicable law.

### 8.2 GROUNDS FOR REFUND

#### 8.2.1 NON RECEIPT OF LISTING PERMISSION

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in RHP/Prospectus. The Designated Stock Exchange may be as disclosed in the RHP/Prospectus with which the Basis of Allotment may be finalised.

If the Issuer fails to make application to the Stock Exchange(s) and obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act 2013, the Issuer may be punishable with a fine which shall not be less than five lakh rupees but which may extend to fifty lakh rupees and every officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than fifty thousand rupees but which may extend to three lakh rupees, or with both.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith take steps to refund, without interest, all moneys received from the Bidders/Applicants in pursuance of the RHP/Prospectus.

#### **8.2.2 NON RECEIPT OF MINIMUM SUBSCRIPTION**

If the Issuer does not receive a minimum subscription of 90% of the Issue (excluding any offer for sale of specified securities), including devolvement to the Underwriters, the Issuer may forthwith, without interest take steps to unblock the entire subscription amount received within six Working Days of the Bid/ Issue Closing Date and repay, without interest, all subscription amounts received from Anchor Investors. In case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

If such money is not refunded to the Bidders/Applicants within the prescribed time after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of such period, be liable to repay the money, with interest at such rate, as disclosed in the RHP/Prospectus.

#### **8.2.3 MINIMUM NUMBER OF ALLOTTEES**

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be allotted may not be less than 1,000 failing which the entire application monies may be refunded forthwith.

#### **8.2.4 IN CASE OF ISSUES MADE UNDER COMPULSORY BOOK BUILDING**

In case an Issuer not eligible under Regulation 26(1) of the SEBI ICDR Regulations, 2009 comes for an Issue under Regulation 26(2) of SEBI (ICDR) Regulations, 2009 but fails to allot at least 75% of the Issue to QIBs, in such case full subscription money is to be refunded.

### **8.3 MODE OF REFUND**

- (a) **In case of ASBA Bids:** Within six Working Days of the Bid/ Issue Closing Date, the Registrar to the Issue may give instructions to SCSBs for unblocking the amount in ASBA Accounts of unsuccessful Bidders and also for any excess amount blocked on Bidding/Application.
- (b) **In case of Anchor Investors:** Within six Working Days of the Bid/ Issue Closing Date may dispatch refunds for all amounts payable to unsuccessful Anchor Investors.
- (c) In case of Anchor Investors, the Registrar to the Issue may obtain from the Depositories the Bidders/Applicants' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Anchor Investors in their Anchor Investor Application Forms for refunds. Accordingly, Anchor Investors are advised to immediately update their details as appearing on the records of their DPs. Failure to do so may result in delays in dispatch of refunds through electronic transfer of funds, as applicable, and any such delay may be at the Anchor Investors' sole risk and neither the Issuer, the Registrar to the Issue, the Escrow Collection Bank, or the Syndicate, may be liable to compensate the Anchor Investors for any losses caused to them due to any such delay, or liable to pay any interest for such delay.
- (d) In the case of Bids from Eligible NRIs, FIIs, FPIs and QFIs, refunds, if any, may generally be payable in Indian Rupees only and net of bank charges and/or commission. If so desired, such payments in Indian Rupees may be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and may be dispatched by registered post. The Issuer may not be responsible for loss, if any, incurred by the Bidder/Applicant on account of conversion of foreign currency.

#### **8.3.1 Electronic modes of making refunds to Anchor Investors**

The payment of refund to Anchor Investors, if any, may be done through various modes as mentioned below:

- (a) **NECS**—Payment of refund may be done through NECS by Anchor Investors having an account at any of the centers specified by the RBI. This mode of payment of refunds may be subject to availability of complete bank account details including the nine-digit MICR code of the Bidder/Applicant as obtained from the Depository;
- (b) **NEFT**— Payment of refund may be undertaken through NEFT wherever the branch of the Anchor Investor's bank is NEFT enabled and has been assigned the Indian Financial System Code ("**IFSC**"), which can be linked to the MICR of that particular branch. The IFSC Code may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Anchor Investors have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC Code of that particular bank branch and the payment of refund may be made to the Anchor Investors through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;
- (c) **Direct Credit**— Anchor Investors having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account; and
- (d) **RTGS**— Anchor Investors having a bank account at any of the centers notified by SEBI where clearing houses are managed by the RBI, may have the option to receive refunds, if any, through RTGS; and

For details of levy of charges, if any, for any of the above methods, Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers etc, Anchor Investors may refer to RHP/Prospectus.

Please note that refunds through the abovementioned modes shall be credited only to the bank account from which the Bid Amount was remitted by the Anchor Investor to the Escrow Collection Bank.

#### 8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at the rate of 15% per annum if 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 Bidders/Applicants or instructions for unblocking of funds in the ASBA Account are not dispatched within the six Working days of the Bid/Issue Closing Date.

The Issuer may pay interest at the rate of 15% per annum for any delay beyond 15 days from the Bid/Issue Closing Date, if Allotment is not made.

### SECTION 9: GLOSSARY AND ABBREVIATIONS

*Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time. In case of inconsistency in the description of a term mentioned herein below and the description ascribed to such term in the Draft Red Herring Prospectus, the description as ascribed to such term in the Draft Red Herring Prospectus shall prevail.*

Term	Description
Allotment/ Allot/ Allotted	The allotment of Equity Shares pursuant to the Issue to successful Bidders/Applicants
Allottee	An Bidder/Applicant to whom the Equity Shares are Allotted
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders/Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in SEBI ICDR Regulations, 2009.

Term	Description
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Allotment in terms of the Red Herring Prospectus and Prospectus.
Escrow Account	An account opened with the Escrow Collection Bank and in whose favour the Anchor Investors may transfer money through NEFT/RTGS/direct credit in respect of the Bid Amount when submitting a Bid
Anchor Investor Portion	Up to 60% of the QIB Portion which may be allocated by the Issuer, in consultation with the BRLMs, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors
Application Supported by Blocked Amount/ (ASBA)/ASBA	An application, whether physical or electronic, used by ASBA Bidders/Applicants to make a Bid and authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB.
Application Supported by Blocked Amount Form/ASBA Form	An application from, whether physical or electronic, used by ASBA Bidders/Applicants, which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder/Applicant
ASBA Bidder/Applicant	Prospective Bidders/Applicants in the Issue who Bid/apply through ASBA
Banker(s) to the Offer/ Escrow Collection Bank(s)/ Collecting Banker	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account may be opened, and as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Bidders/Applicants under the Issue
Bid	An indication to make an offer during the Bid/ Issue Period by a prospective Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Bidding Date by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto. In case of issues undertaken through the fixed price process, all references to a Bid should be construed to mean an Application
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder upon submission of the Bid (except for Anchor Investors), less discounts (if applicable). In case of issues undertaken through the fixed price process, all references to the Bid Amount should be construed to mean the Application Amount.
Bid cum Application Form	The Anchor Investor Application Form or the ASBA Form, as the context requires
Bid / Issue Closing Date	Except in the case of Anchor Investors (if applicable), the date after which the Designated Intermediaries may not accept any Bids for the Issue, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Issue Closing Date
Bid/ Issue Opening Date	The date on which the Designated Intermediaries may start accepting Bids for the Issue, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Issue Opening Date
Bid/ Issue Period	Except in the case of Anchor Investors (if applicable), the period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date inclusive of both days and during which prospective Bidders/Applicants (other than Anchor Investors) can submit their Bids, inclusive of any revisions thereof. The Issuer may consider closing the Bid/ Issue Period for QIBs one working day prior to the Bid/ Issue Closing Date in accordance with the SEBI ICDR Regulations, 2009. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Issue Period
Bidder/Applicant	Any prospective investor (including an ASBA Bidder/Applicant) who makes a Bid pursuant to the terms of the RHP/Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Bidder/Applicant should be construed to mean an Bidder/Applicant
Book Built Process/ Book Building Process/ Building Method	The book building process as provided under SEBI ICDR Regulations, 2009, in terms of which the Issue is being made
Broker Centres	Broker centres notified by the Stock Exchanges, where Bidders/Applicants can submit the Bid cum Application Forms/Application Form to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges.



Term	Description
BRLMs/ Book Running Lead Managers/ Lead Managers/ LMs	The Book Running Lead Managers to the Issue as disclosed in the RHP/Prospectus and the Bid cum Application Form of the Issuer. In case of issues undertaken through the fixed price process, all references to the Book Running Lead Managers should be construed to mean the Lead Managers or LMs
Business Day	Monday to Friday (except public holidays)
CAN/Confirmation of Allotment Note	Note or intimation of allocation of Equity Shares sent to each Anchor Investor who have been allocated Equity Shares after the Anchor Investor Bidding Date.
Cap Price	The higher end of the Price Band, above which the Issue Price and the Anchor Investor Issue Price may not be finalised and above which no Bids may be accepted
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Category III FPI	FPIs who are registered as “Category III foreign portfolio investors” under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
Collecting Depository Participant(s) or CDP(s)	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
Companies Act	The Companies Act, 1956 or the Companies Act, 2013, as the context requires.
Cut-off Price	Issue Price, finalised by the Issuer, in consultation with the Global Coordinator and Book Running Lead Managers and the Book Running Lead Managers, which can be any price within the Price Band. Only RIIs, Retail Individual Shareholders and employees are entitled to Bid at the Cut-off Price. No other category of Bidders/Applicants are entitled to Bid at the Cut-off Price
DP	Depository Participant
DP ID	Depository Participant's Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Demographic Details	Details of the Bidders/Applicants including the Bidder/Applicant's address, name of the Applicant's father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Bid cum Application Forms used by Bidders/Applicants (other than Anchor Investors) and a list of which is available on <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html</a>
Designated CDP Locations	Such locations where Bidders can submit the ASBA Forms to Collecting Depository Participants.  The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> ), as updated from time to time
Designated Date	The date on which the Escrow Collection Bank(s) transfer funds from the Escrow Account to the Public Issue Account in terms of the Red Herring Prospectus or the amounts blocked by the SCSBs are transferred from the ASBA Accounts of successful Allottees to the Public Issue Account, following which the board of directors may give delivery instructions for the transfer of the Equity Shares constituting the Offer for Sale.
Designated Intermediaries	The Syndicate, Sub-Syndicate Members/agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorised to collect ASBA Forms from the ASBA Bidders, in relation to the Issue
Designated RTA Locations	Such locations where Bidders can submit the ASBA Forms to RTAs.  The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> )
Designated Stock Exchange	The designated stock exchange as disclosed in the RHP/Prospectus of the Issuer
Discount	Discount to the Issue Price that may be provided to Bidders/Applicants in accordance with the SEBI ICDR Regulations, 2009.
Draft Prospectus	The draft prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price or a Price Band
Employees	Employees of an Issuer as defined under SEBI ICDR Regulations, 2009 and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoters and immediate relatives of the promoter. For further details Bidder/Applicant may refer to the RHP/Prospectus
Equity Shares	Equity shares of the Issuer
Escrow Agreement	Agreement to be entered into among the Issuer, the Registrar to the Issue, the Book Running Lead Managers, the Escrow Collection Bank(s) and the Refund Bank(s) for collection of the Bid Amounts from Anchor Investors and remitting refunds of the amounts

Term	Description
	collected to the Anchor Investors on the terms and conditions thereof
Escrow Collection Bank(s)	Refer to definition of Banker(s) to the Issue
FCNR Account	Foreign Currency Non-Resident Account
First Bidder/Applicant	The Bidder/Applicant whose name appears first in the Bid cum Application Form or Revision Form
FII(s)	Foreign Institutional Investors as defined under the SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI under applicable laws in India
Fixed Price Issue/Fixed Price Process/Fixed Price Method	The Fixed Price process as provided under SEBI ICDR Regulations, 2009
Floor Price	The lower end of the Price Band, at or above which the Issue Price and the Anchor Investor Issue Price may be finalised and below which no Bids may be accepted, subject to any revision thereto
FPI	Foreign portfolio investor registered under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
FPO	Further public offering
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000
IPO	Initial public offering
Issue Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted in terms of the Prospectus. The Issue Price may be decided by the Issuer in consultation with the Global Coordinators and Book Running Lead Managers and the Book Running Lead Managers.
Maximum RII Allottees	The maximum number of RIIs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot.
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Funds Portion	5% of the QIB Portion (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the RHP/Prospectus and Bid cum Application Form
NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the RHP/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Non-Institutional Investors or NIIs	All Bidders/Applicants, including sub accounts of FIIs registered with SEBI which are foreign corporate or foreign individuals and Category III FPIs that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Category	The portion of the Issue being such number of Equity Shares available for allocation to NIIs on a proportionate basis and as disclosed in the RHP/Prospectus and the Bid cum Application Form
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FIIs registered with SEBI, FVCIs registered with SEBI, FPIs and QFIs
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
Offer	Public issue of Equity Shares of the Issuer including the Offer for Sale if applicable
Offer for Sale	Public offer of such number of Equity Shares as disclosed in the RHP/Prospectus through an offer for sale by the Selling Shareholders
Issue Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted to Bidders other than Anchor Investors, in terms of the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Issue Price The Issue Price may be decided by the Issuer, in consultation with the Global Coordinators and Book Running Lead Managers and the Book Running Lead Managers
Other Investors	Investors other than Retail Individual Investors in a Fixed Price Issue. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied



Term	Description
	for.
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
Price Band	Price Band with a minimum price, being the Floor Price and the maximum price, being the Cap Price and includes revisions thereof. The Price Band and the minimum Bid lot size for the Issue may be decided by the Issuer, in consultation with the Global Coordinators and Book Running Lead Managers and the Book Running Lead Managers and advertised, at least five working days in case of an IPO and one working day in case of FPO, prior to the Bid/ Issue Opening Date, in English national daily, Hindi national daily and regional language at the place where the registered office of the Issuer is situated, newspaper each with wide circulation
Pricing Date	The date on which the Issuer, in consultation with the Global Coordinators and Book Running Lead Managers and the Book Running Lead Managers, finalise the Issue Price
Prospectus	The prospectus to be filed with the RoC in accordance with Section 26 of the Companies Act, 2013 after the Pricing Date, containing the Issue Price, the size of the Issue and certain other information
Public Issue Account	A bank account opened with the Banker to the Issue to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date
QIB Portion	The portion of the Issue being such number of Equity Shares to be Allotted to QIBs on a proportionate basis
Qualified Institutional Buyers or QIBs	As defined under SEBI ICDR Regulations, 2009
RTGS	Real Time Gross Settlement
Red Herring Prospectus/ RHP	The red herring prospectus issued in accordance with Section 32 of the Companies Act, 2013 which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The RHP may be filed with the RoC at least three days before the Bid/ Issue Opening Date and may become a Prospectus upon filing with the RoC after the Pricing Date. In case of issues undertaken through the fixed price process, all references to the RHP should be construed to mean the Prospectus
Refund Account(s)	The account opened with Refund Bank(s), from which refunds to Anchor Investors of the whole or part of the Bid Amount may be made
Refund Bank(s)	Refund bank(s) as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
Refunds through electronic transfer of funds	Refunds through NECS, Direct Credit, NEFT, RTGS or ASBA, as applicable
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate
Registrar to the Issue /RTI	The Registrar to the Issue as disclosed in the RHP/Prospectus and Bid cum Application Form
Retail Individual Investors / RIIs	Investors who applies or bids for a value of not more than ₹ 200,000.
Retail Individual Shareholders	Shareholders of a listed Issuer who applies or bids for a value of not more than ₹ 200,000.
Retail Category	The portion of the Issue being such number of Equity Shares available for allocation to RIIs which shall not be less than the minimum bid lot, subject to availability in RII category and the remaining shares to be allotted on proportionate basis.
Revision Form	The form used by the Bidders in an issue through Book Building process to modify the quantity of Equity Shares and/or bid price indicates therein in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations, 2009	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Self Certified Syndicate Bank(s) or SCSB(s)	A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html</a>
Specified Locations	Refer to definition of Broker Centres
Stock Exchanges/ SE	The stock exchanges as disclosed in the RHP/Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Issue are proposed to be listed
Syndicate	The Global Coordinators and Book Running Lead Managers, the Book Running Lead Managers and the Syndicate Member(s)

Term	Description
Syndicate Agreement	The agreement to be entered into among the Issuer, and the Syndicate in relation to collection of ASBA Forms by Syndicate Members
Syndicate Member(s)/SM	The Syndicate Member(s) as disclosed in the RHP/Prospectus
Underwriters	The Global Coordinators and Book Running Lead Managers, the Book Running Lead Managers and the Syndicate Member(s)
Underwriting Agreement	The agreement among the Issuer, and the Underwriters to be entered into on or after the Pricing Date
Working Day	Working Day” means all days, other than the second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided however, with reference to the time period between (a) announcement of Price Band; and (b) Bid/ Issue Period, “Working Day” shall mean all days, excluding all Saturdays, Sundays or a public holiday, on which commercial banks in Mumbai are open for business; and with reference to the time period between the Bid/ Issue Closing Date and the listing of the Equity Shares on the Stock Exchanges, “Working Day” shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016

## SECTION VIII – PROVISIONS OF THE ARTICLES OF ASSOCIATION

*Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. Pursuant to Schedule I of the Companies Act, 2013 and the SEBI ICDR Regulations, the main provisions of the Articles of Association of our Company are detailed below:*

### TABLE 'F' EXCLUDED

1. (1) The regulations contained in the Table marked 'F' in Schedule I to the Companies Act, 2013 shall not apply to the Company, except in so far as the same are repeated, contained or expressly made applicable in these Articles or by the said Act.
- (2) The regulations for the management of the Company and for the observance by the members thereto and their representatives, shall, subject to any exercise of the statutory powers of the Company with reference to the deletion or alteration of or addition to its regulations by resolution as prescribed or permitted by the Companies Act, 2013, be such as are contained in these Articles.

### Interpretation

2. (1) In these Articles —
  - (a) "Act" means the Companies Act, 2013 or any statutory modification or re-enactment thereof for the time being in force and the term shall be deemed to refer to the applicable section thereof which is relatable to the relevant Article in which the said term appears in these Articles and any previous company law, so far as may be applicable.
  - (b) "Articles" means these articles of association of the Company or as altered from time to time.
  - (c) "Board of Directors" or "Board", means the collective body of the directors of the Company.
  - (d) "Company" means Nakshatra World Limited.
  - (e) "Rules" means the applicable rules for the time being in force as prescribed under relevant sections of the Act.
  - (f) "seal" means the common seal of the Company.
- (2) Words importing the singular number shall include the plural number and words importing the masculine gender shall, where the context admits, include the feminine and neuter gender.
- (3) Unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Act or the Rules, as the case may be.

### Share capital and variation of rights

3. Subject to the provisions of the Act and these Articles, the shares in the capital of the Company shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.

4. Subject to the provisions of the Act and these Articles, the Board may issue and allot shares in the capital of the Company on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than for cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares, as the case may be.
5. The Company may issue the following kinds of shares in accordance with these Articles, the Act, the Rules and other applicable laws:
  - (a) Equity share capital:
    - (i) with voting rights; and / or
    - (ii) with differential rights as to dividend, voting or otherwise in accordance with the Rules; and
  - (b) Preference share capital
6. Every member shall be entitled, without payment, to one or more certificates in marketable lot, for all the shares of each class or denomination registered in his name, or if the Board so approves (upon paying such fee as the Board may from time to time determine), to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within two months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its Shares as the case may be as provided by Section 56 of the Act. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the Board may prescribe and approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be required to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be a sufficient delivery to all such holders.
7. A person subscribing to shares offered by the Company shall have the option either to receive certificates for such shares or hold the shares in a dematerialised state with a depository. Where a person opts to hold any share with the depository, the Company shall intimate such depository the details of allotment of the share to enable the depository to enter in its records the name of such person as the beneficial owner of that share.
8. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deems adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under this Article shall be issued without payment of fees if the Board so decides, or on payment of such fees (not exceeding Rs. 50 (Rupees Fifty) for each certificate) as the Board shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer .

Provided that notwithstanding what is stated above the Board shall comply with such rules or regulations or requirements of any Stock Exchange or the rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956, as amended, or any other law, rules or regulations applicable in this behalf.

9. The provisions of the foregoing Article relating to issue of certificates shall mutatis mutandis apply to issue of certificates for any other securities including debentures (except where the Act otherwise requires) of the Company.
10. (1) The Company may exercise the powers of paying commissions conferred by the Act, to any person in connection with the subscription to its securities, provided that the rate per cent. or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act and the Rules.
- (2) The rate or amount of the commission shall not exceed the rate or amount prescribed in the Rules.
- (3) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.
11. (1) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, and whether or not the Company is being wound up, be varied with the consent in writing, of such number of the holders of the issued shares of that class, or with the sanction of a resolution passed at a separate meeting of the holders of the shares of that class, as prescribed by the Act.
- (2) To every such separate meeting, the provisions of these Articles relating to general meetings shall mutatis mutandis apply.
12. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.
13. Subject to the provisions of the Act, the Board shall have the power to issue or re-issue preference shares of one or more classes which are liable to be redeemed, or converted to equity shares, on such terms and conditions and in such manner as determined by the Board in accordance with the Act.
14. (1) Where at any time, after the expiry of 2 (two) years from the formation of the Company or at any time after the expiry of 1 (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 then, such further shares shall be offered:
- (a) To the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date;
- (b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than fifteen (15) days and not exceeding thirty (30) days from the date of the offer, if not accepted, will be deemed to have been declined;
- (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any one of them in favour of any other person, and the notice referred to in (b) above shall contain a statement of this right;
- (d) 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 such person declines to accept the shares offered, the Board may dispose of them in such manner as they think

most beneficial to the Company.

- (2) Notwithstanding anything contained in sub-clause (1) hereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in Article 14 (1) (a) hereof) in any manner whatsoever:
- (a) if a special resolution to that effect is passed by the Company in a general meeting, or;
  - (b) where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that 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 in this behalf that the proposal is most beneficial to the Company.
- (3) Nothing in Article 14 (1) (c) hereof shall be deemed:
- (a) to extend the time within which the offer should be accepted; or
  - (b) to authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
- (4) Subject to provisions of the Act, Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option as a term attached to the debentures issued by the Company:
- (a) To convert such debentures or loans into shares in the Company; or
  - (b) To subscribe to shares in the Company.

Provided that the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- (a) either has been approved by the Central Government before the issue of debentures or the raising of loans or is in conformity with rules, if any, made by the government in this behalf; and
  - (b) in case of debentures or loans or other than debentures issued to, loans obtained from the Government or any institution specified by the Central Government in this behalf, has also approved, by way of a special resolution passed by the Company in general meeting, before the issue of the loans.
- (5) Subject to the provisions of Section 62 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par or at a discount (subject to the compliance with the provision of section 53 of the Act) and at such time as they may from time to time think fit and with sanction of the Company in the general meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Board think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the general meeting.

## **Lien**

- 15.** (1) Fully paid shares of the Company shall be free from all lien and in the case of partly paid shares the Company's lien shall be restricted to the unpaid calls arising from moneys called in relation to the shares or payable at a time fixed in respect of such shares. In the event that the nominal value of the shares is fully paid up but the securities premium or any part thereof is unpaid, the Company's lien shall be applicable but shall be restricted to the unpaid calls arising from the moneys called or payable at a time fixed in respect of such shares.
- (2) Subject to Article 61 of the Act, the Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares and 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/debenture shall be created except upon the basis and condition that this Article will have full effect. 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 Board may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this Article.
- (3) The Company's lien, if any, on a share shall extend to all dividends or interest, as the case may be, payable and bonuses declared from time to time in respect of such shares for any money owing to the Company.
- (4) Unless otherwise agreed by the Board, the registration of a transfer of shares shall operate as a waiver of the Company's lien.
- 16.** The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:
- Provided that no sale shall be made—
- (a) unless a sum in respect of which the lien exists is presently payable; or
- (b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or to the person entitled thereto by reason of his death or insolvency or otherwise.
- 17.** (1) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.
- (2) The purchaser shall be registered as the holder of the shares comprised in any such transfer.
- (3) The receipt of the Company for the consideration (if any) given for the share on the sale thereof shall (subject, if necessary, to execution of an instrument of transfer or a transfer by relevant system, as the case may be) constitute a good title to the share and the purchaser shall be registered as the holder of the share.
- (4) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings with reference to the sale.
- 18.** (1) The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.



(2) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

- 19.** In exercising its lien, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or unless required by any statute) be bound to recognise any equitable or other claim to, or interest in, such share on the part of any other person, whether a creditor of the registered holder or otherwise. The Company's lien shall prevail notwithstanding that it has received notice of any such claim.
- 20.** (1) The provisions of these Articles relating to lien shall mutatis mutandis apply to any other securities including debentures of the Company.
- (2) Any debentures, debenture-stock may be issued subject to the provisions of Section 71 of the Act, the Companies (Shares and Debenture) Rules, 2014, and these Articles, at a discount, premium or otherwise or may be issued on the condition that they shall be convertible into shares of any denomination and with any special privileges or conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the general meeting, appointment of directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in its general meeting by a special resolution.

#### **Calls on shares**

- 21.** (1) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times.
- (2) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his shares.
- (3) The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call in respect of one or more members as the Board may deem appropriate in any circumstances.
- (4) A call may be revoked or postponed at the discretion of the Board.
- 22.** A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments.
- 23.** The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
- 24.** (1) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof (the "due date"), the person from whom the sum is due shall pay interest thereon from the due date to the time of actual payment at such rate as may be fixed by the Board.
- (2) The Board shall be at liberty to waive payment of any such interest wholly or in part.
- 25.** (1) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these Articles, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

- (2) In case of non-payment of such sum, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

**26. The Board -**

(a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and

(b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate as may be fixed by the Board. Nothing contained in this clause shall confer on the member (a) any right to participate in profits or dividends or (b) any voting rights in respect of the moneys so paid by him until the same would, but for such payment, become presently payable by him.

- 27.** If by the conditions of allotment of any shares, the whole or part of the amount of issue price thereof shall be payable by instalments, then every such instalment shall, when due, be paid to the Company by the person who, for the time being and from time to time, is or shall be the registered holder of the share or the legal representative of a deceased registered holder.

- 28.** All calls shall be made on a uniform basis on all shares falling under the same class.

Explanation: Shares of the same nominal value on which different amounts have been paid-up shall not be deemed to fall under the same class.

- 29.** Neither a judgment 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 thereof nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the forfeiture of such shares as herein provided.

- 30.** The provisions of these Articles relating to calls shall mutatis mutandis apply to any other securities including debentures of the Company.

**Transfer of shares**

- 31.** (1) No transfer shall be registered unless a proper instrument of transfer has been delivered to the Company. Every instrument of transfer (which shall be in the form specified in the Rules) shall be duly stamped, dated and shall be executed by or on behalf of the transferor and the transferee and in the case of a share held by two or more holders or to be transferred to the joint names of two or more transferees by all such joint- holders or by all such joint transferees, as the case may be, several executors or administrators of a deceased member proposing to transfer the shares registered in the name of such deceased member shall all sign the instrument of transfer in respect of the share as if they were the joint-holders of the share. The instrument of transfer shall specify the name, address and occupation, if any, of the transferee.
- (2) The instrument of transfer of share shall be in writing and all provisions of Section 56 of the Act (and any statutory modification thereof for the time being) shall be duly complied with in respect of all transfers of shares and the registration thereof.
- (3) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

32. Subject to the provisions of Sections 58 and 59 of the Act, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a shareholder in or debentures of the Company. The Company shall, within 30 (thirty) days from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send a notice of refusal to the transferee and transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. 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.
33. In case of shares held in physical form, the Board may decline to recognise any instrument of transfer unless -
- (a) the instrument of transfer is duly executed and is in the form as prescribed in the Rules made under the Act;
  - (b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and
  - (c) the instrument of transfer is in respect of only one class of shares.
34. On giving of previous notice of at least seven days or such lesser period in accordance with the Act and Rules made thereunder, 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.
35. The provisions of these Articles relating to transfer of shares shall mutatis mutandis apply to any other securities including debentures of the Company.

#### **Transmission of shares**

36. (1) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the shares.
- (2) Nothing in clause (1) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.
37. (1) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either -
- (a) to be registered himself as holder of the share; or
  - (b) to make such transfer of the share as the deceased or insolvent member could have made.
- (2) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

- (3) The Company shall be fully indemnified by such person from all liability, if any, by actions taken by the Board to give effect to such registration or transfer.
  - (4) No Fee on transfer or transmission shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or other similar document.
- 38.** (1) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
- (2) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.
- (3) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.
- 39.** A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company:
- Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.
- 40.** The provisions of these Articles relating to transmission by operation of law shall mutatis mutandis apply to any other securities including debentures of the Company.

#### **Forfeiture of shares**

- 41.** If a member fails to pay any call, or instalment of a call or any money due in respect of any share, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid or a judgement or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on him requiring payment of so much of the call or instalment or other money as is unpaid, together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of non-payment.
- 42.** The notice aforesaid shall:
- (a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
  - (b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.
- 43.** If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

- 44.** Neither the receipt by the Company for a portion of any money which may from time to time be due from any member in respect of his shares, nor any indulgence that may be granted by the Company in respect of payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture in respect of such shares as herein provided. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited shares and not actually paid before the forfeiture.
- 45.** When any share shall have been so forfeited, notice of the forfeiture shall be given to the defaulting member and an entry of the forfeiture with the date thereof, shall forthwith be made in the register of members but no forfeiture shall be invalidated by any omission or neglect or any failure to give such notice or make such entry as aforesaid.
- 46.** The forfeiture of a share shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share.
- 47.** (1) A forfeited share shall be deemed to be the property of the Company and may be sold or re-allotted or otherwise disposed of either to the person who was before such forfeiture the holder thereof or entitled thereto or to any other person on such terms and in such manner as the Board thinks fit.
- (2) At any time before a sale, re-allotment or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.
- 48.** (1) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay, and shall pay, to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares.
- (2) All such monies payable shall be paid together with interest thereon at such rate as the Board may determine, from the time of forfeiture until payment or realisation. The Board may, if it thinks fit, but without being under any obligation to do so, enforce the payment of the whole or any portion of the monies due, without any allowance for the value of the shares at the time of forfeiture or waive payment in whole or in part.
- (3) The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the shares.
- 49.** (1) A duly verified declaration in writing that the declarant is a director, the manager or the secretary of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;
- (2) The Company may receive the consideration, if any, given for the share on any sale, re-allotment or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;
- (3) The transferee shall thereupon be registered as the holder of the share; and
- (4) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or disposal of the share.

50. Upon any sale after forfeiture or for enforcing a lien in exercise of the powers hereinabove given, the Board may, if necessary, appoint some person to execute an instrument for transfer of the shares sold and cause the purchaser's name to be entered in the register of members in respect of the shares sold and after his name has been entered in the register of members in respect of such shares the validity of the sale shall not be impeached by any person.
51. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate(s), if any, originally issued in respect of the relative shares shall (unless the same shall on demand by the Company has been previously surrendered to it by the defaulting member) stand cancelled and become null and void and be of no effect, and the Board shall be entitled to issue a duplicate certificate(s) in respect of the said shares to the person(s) entitled thereto.
52. The Board may, subject to the provisions of the Act, accept a surrender of any share from or by any member desirous of surrendering them on such terms as they think fit.
53. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
54. The provisions of these Articles relating to forfeiture of shares shall mutatis mutandis apply to any other securities including debentures of the Company.

#### **Alteration of capital**

55. Subject to the provisions of the Act , the Company may, by ordinary resolution -
- (a) increase the share capital by such sum, to be divided into shares of such amount as it thinks expedient;
  - (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; Provided that any consolidation and division which results in changes in the voting percentage of members shall require applicable approvals under the Act;
  - (c) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
  - (d) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;
  - (e) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.
56. Where shares are converted into stock:
- (a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same Articles 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;

- (b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage;
- (c) such of these Articles of the Company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder"/"member" shall include "stock" and "stock-holder" respectively.

57. The Company may, by resolution as prescribed by the Act, reduce in any manner and in accordance with the provisions of the Act and the Rules, its share capital.

### **Joint Holders**

58. Where two or more persons are registered as joint holders (not more than three) of any share, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants 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 or instalments and other payments which ought to be made in respect of such share.
- (b) On the death of any one or more of such joint-holders, the survivor or survivors shall be the only person or persons recognized by the Company as having any title to the share but the Directors may require such evidence of death as they may deem fit, and nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.
- (c) Any one of such joint holders may give effectual receipts of any dividends, interests or other moneys payable in respect of such 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 the delivery of certificate, if any, relating to such share or to receive notice (which term shall be deemed to include all relevant documents) and any notice served on or sent to such person shall be deemed service on all the joint-holders.
- (e)(i) Any one of two or more joint-holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint-holders be present at any meeting personally or by proxy or by attorney then that one of such persons so present whose name stands first or higher (as the case may be) on the register in respect of such shares shall alone be entitled to vote in respect thereof but the other or others of the joint-holders shall be entitled to vote in preference to a joint-holder present by attorney or by proxy although the name of such joint-holder present by any attorney or proxy stands first or higher (as the case may be) in the register in respect of such shares.
- (ii) Several executors or administrators of a deceased member in whose (deceased member) sole name any share stands, shall for the purpose of this clause be deemed joint-holders.



- (f) The provisions of these Articles relating to joint holders of shares shall mutatis mutandis apply to any other securities including debentures of the Company registered in joint names.

### **Capitalisation of profits**

- 59.** (1) The Company by ordinary resolution in general meeting may, upon the recommendation of the Board, resolve —
- (a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and
  - (b) that such sum be accordingly set free for distribution in the manner specified in clause (2) below among the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
- (2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (3) below, either in or towards :
- (A) paying up any amounts for the time being unpaid on any shares held by such members respectively;
  - (B) paying up in full, unissued shares or other securities of the Company to be allotted and distributed, credited as fully paid-up, to and among such members in the proportions aforesaid;
  - (C) partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B).
- (3) A securities premium account and a capital redemption reserve account or any other permissible reserve account may, for the purposes of this Article, be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares;
- (4) The Board shall give effect to the resolution passed by the Company in pursuance of this Article.
- 60.** (1) Whenever such a resolution as aforesaid shall have been passed, the Board shall -
- (a) make all appropriations and applications of the amounts resolved to be capitalised thereby, and all allotments and issues of fully paid shares or other securities, if any; and
  - (b) generally do all acts and things required to give effect thereto.
- (2) The Board shall have power—
- (a) to make such provisions, by the issue of fractional certificates/coupons or by payment in cash or otherwise as it thinks fit, for the case of shares or other securities becoming distributable in fractions; and
  - (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further shares or other securities to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the Company on their behalf, by the application thereto of their respective proportions of profits

resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares.

- (3) Any agreement made under such authority shall be effective and binding on such members.

#### **Buy-back of shares**

61. Notwithstanding anything contained in these Articles but subject to all applicable provisions of the Act or any other law for the time being in force, the Company may purchase its own shares or other specified securities.

#### **General meetings**

62. All general meetings other than annual general meeting shall be called extraordinary general meeting.

63. The Board may, whenever it thinks fit, call an extraordinary general meeting.

#### **Proceedings at general meetings**

64. (1) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.
- (2) No business shall be discussed or transacted at any general meeting except election of Chairperson whilst the chair is vacant.
- (3) The quorum for a general meeting shall be as provided in the Act.
65. The Chairperson of the Company shall preside as Chairperson at every general meeting of the Company.
66. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.
67. If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall, by poll or electronically, choose one of their members to be Chairperson of the meeting.
68. On any business at any general meeting, in case of an equality of votes, whether on a show of hands or electronically or on a poll, the Chairperson shall have a second or casting vote.
69. (1) The Company shall cause minutes of the proceedings of every general meeting of any class of members or creditors and every resolution passed by postal ballot to be prepared and signed in such manner as may be prescribed by the Rules and kept by making within thirty days of the conclusion of every such meeting concerned or passing of resolution by postal ballot entries thereof in books kept for that purpose with their pages consecutively numbered.
- (2) There shall not be included in the minutes any matter which, in the opinion of the Chairperson of the meeting -

- (a) is, or could reasonably be regarded, as defamatory of any person; or
    - (b) is irrelevant or immaterial to the proceedings; or
    - (c) is detrimental to the interests of the Company.
  - (3) The Chairperson shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in the aforesaid clause.
  - (4) The minutes of the meeting kept in accordance with the provisions of the Act shall be evidence of the proceedings recorded therein.
- 70.** (1) The books containing the minutes of the proceedings of any general meeting of the Company or a resolution passed by postal ballot shall:
- (a) be kept at the registered office of the Company; and
  - (b) be open to inspection of any member without charge, during 11.00 a.m. to 1.00 p.m. on all working days other than Saturdays.
- (2) Any member shall be entitled to be furnished, within the time prescribed by the Act, after he has made a request in writing in that behalf to the Company and on payment of such fees as may be fixed by the Board, with a copy of any minutes referred to in clause (1) above, Provided that a member who has made a request for provision of a soft copy of the minutes of any previous general meeting held during the period immediately preceding three financial years, shall be entitled to be furnished with the same free of cost.
- 71.** The Board, and also any person(s) authorised by it, may take any action before the commencement of any general meeting, or any meeting of a class of members in the Company, which they may think fit to ensure the security of the meeting, the safety of people attending the meeting, and the future orderly conduct of the meeting. Any decision made in good faith under this Article shall be final, and rights to attend and participate in the meeting concerned shall be subject to such decision.

#### **Adjournment of meeting**

- 72.** (1) The Chairperson may, suo motu, adjourn the meeting from time to time and from place to place.
- (2) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (3) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
- (4) Save as aforesaid, and save as provided in the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

#### **Voting rights**

- 73.** Subject to provisions of the act and subject to any rights or restrictions for the time being attached to any class or classes of shares -
- (a) on a show of hands, every member present in person shall have one vote; and

- (b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.
- 74.** A member may exercise his vote at a meeting by electronic means in accordance with the Act and shall vote only once.
- 75.** (1) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.
- (2) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.
- 76.** A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy. If any member be a minor, the vote in respect of his share or shares shall be by his guardian or any one of his guardians.
- 77.** Subject to the provisions of the Act and other provisions of these Articles, any person entitled under the Transmission Clause to any shares may vote at any general meeting in respect thereof as if he was the registered holder of such shares, provided that at least 48 (forty eight) hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall duly satisfy the Board of his right to such shares unless the Board shall have previously admitted his right to vote at such meeting in respect thereof.
- 78.** Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.
- 79.** No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid or in regard to which the Company has exercised any right of lien.
- 80.** A member is not prohibited from exercising his voting on the ground that he has not held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground set out in the preceding Article.
- 81.** Any member whose name is entered in the register of members of the Company shall enjoy the same rights and be subject to the same liabilities as all other members of the same class.

#### **Proxy**

- 82.** (1) Any member entitled to attend and vote at a general meeting may do so either personally or through his constituted attorney or through another person as a proxy on his behalf, for that meeting.
- (2) The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.
- 83.** An instrument appointing a proxy shall be in the form as prescribed in the Rules.

- 84.** A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

#### **Board of Directors**

- 85.** Unless otherwise determined by the Company in general meeting, the number of directors shall not be less than 3 (three) and shall not be more than 15 (Fifteen).
- 86.** (1) The Board shall have the power to determine the directors whose period of office is or is not liable to determination by retirement of directors by rotation.
- (2) The same individual may, at the same time, be appointed as the Chairperson of the Company as well as the Managing Director or Chief Executive Officer of the Company
- 87.** (1) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day- to-day.
- (2) The remuneration payable to the directors, including any managing or whole-time director or manager, if any, shall be determined in accordance with and subject to the provisions of the Act by an ordinary resolution passed by the Company in general meeting.
- (3) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them—
- (a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the Company; or
- (b) in connection with the business of the Company.
- 88.** All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.
- 89.** (1) Subject to the provisions of the Act, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the Articles.
- (2) Such person shall hold office only up to the date of the next annual general meeting of the Company but shall be eligible for appointment by the Company as a director at that meeting subject to the provisions of the Act.
- 90.** (1) The Board may appoint an alternate director to act for a director (hereinafter in this Article called "the Original Director") during his absence for a period of not less than three months from India.

No person shall be appointed as an alternate director for an independent director unless he is qualified to be appointed as an independent director under the provisions of the Act.

- (2) An alternate director shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate the office if and when the Original Director returns to India.
- (3) If the term of office of the Original Director is determined before he returns to India the automatic reappointment of retiring directors in default of another appointment shall apply to the Original Director and not to the alternate director.

- 91.** (1) If the office of any director appointed by the Company in general meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may, be filled by the Board of Directors at a meeting of the Board.
- (2) The director so appointed shall hold office only upto the date upto which the director in whose place he is appointed would have held office if it had not been vacated

#### **Powers of Board**

- 92.** The management of the business of the Company shall be vested in the Board and the Board may exercise all such powers, and do all such acts and things, as the Company is by the memorandum of association or otherwise authorized to exercise and do, and, not hereby or by the statute or otherwise directed or required to be exercised or done by the Company in general meeting but subject nevertheless to the provisions of the Act and other laws and of the memorandum of association and these Articles and to any regulations, not being inconsistent with the memorandum of association and these Articles or the Act, from time to time made by the Company in general meeting provided that no such regulation shall invalidate any prior act of the Board which would have been valid if such regulation had not been made.

#### **Proceedings of the Board**

- 93.** (1) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.
- (2) The Chairperson or any one Director with the previous consent of the Chairperson may, or the company secretary on the direction of the Chairperson shall, at any time, summon a meeting of the Board.
- (3) The quorum for a Board meeting shall be as provided in the Act.
- (4) The participation of directors in a meeting of the Board may be either in person or through video conferencing or audio visual means or teleconferencing, as may be prescribed by the Rules or permitted under law.
- 94.** (1) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.
- (2) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.

- 95.** The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the Company, but for no other purpose.
- 96.** (1) The Chairperson of the Company shall be the Chairperson at meetings of the Board. In his absence, the Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.
- (2) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within fifteen minutes after the time appointed for holding the meeting, the directors present may choose one of their member to be Chairperson of the meeting.
- 97.** (1) The Board may, subject to the provisions of the Act, delegate any of its powers to Committees consisting of such member or members of its body as it thinks fit.
- (2) Any Committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.
- (3) The participation of directors in a meeting of the Committee may be either in person or through video conferencing or audio visual means or teleconferencing, as may be prescribed by the Rules or permitted under law.
- 98.** (1) A Committee may elect a Chairperson of its meetings unless the Board, while constituting a Committee, has appointed a Chairperson of such Committee.
- (2) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within fifteen minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.
- 99.** (1) A Committee may meet and adjourn as it thinks fit.
- (2) Questions arising at any meeting of a Committee shall be determined by a majority of votes of the members present.
- (3) In case of an equality of votes, the Chairperson of the Committee shall have a second or casting vote.
- 100.** All acts done in any meeting of the Board or of a Committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified or that his or their appointment had terminated, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.
- 101.** Save as otherwise expressly provided in the Act, a resolution by circulation in writing, signed, whether manually or by secure electronic mode, by a majority of the members of the Board or of a Committee thereof, for the time being entitled to receive notice of a meeting of the Board or Committee, shall be valid and effective as if it had been passed at a meeting of the Board or Committee, duly convened and held.



### **Chief Executive Officer, Manager, Company Secretary and Chief Financial Officer**

- 102.** (a) Subject to the provisions of the Act,—

A chief executive officer, manager, company secretary and chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary and chief financial officer so appointed may be removed by means of a resolution of the Board; the Board may appoint one or more chief executive officers for its multiple businesses.

- (b) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.

### **Registers**

- 103.** The Company shall keep and maintain at its registered office all statutory registers namely, register of charges, register of members, register of debenture holders, register of any other security holders, the register and index of beneficial owners and annual return, register of loans, guarantees, security and acquisitions, register of investments not held in its own name and register of contracts and arrangements for such duration as the Board may, unless otherwise prescribed, decide, and in such manner and containing such particulars as prescribed by the Act and the Rules. The registers and copies of annual return shall be open for inspection during 11.00 a.m. to 1.00 p.m. on all working days, other than Saturdays, at the registered office of the Company by the persons entitled thereto on payment, where required, of such fees as may be fixed by the Board but not exceeding the limits prescribed by the Rules.

- 104.** (a) The Company may exercise the powers conferred on it by the Act with regard to the keeping of a foreign register; and the Board may (subject to the provisions of the Act) make and vary such regulations as it may think fit in respect of keeping of any such register.
- (b) The foreign register shall be open for inspection and may be closed, and extracts may be taken therefrom and copies thereof may be required, in the same manner, mutatis mutandis, as is applicable to the register of members.

### **The Seal**

- 105.** (1) The Board shall provide for the safe custody of the seal.
- (2) The seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a Committee of the Board, and except in the presence of at least one such person as the Board may appoint for the purpose; and such person shall sign every instrument at which seal is affixed in token thereof, provided that certificates of shares shall be sealed in such manner as may be provided in the act and the rules.

### **Dividends and Reserve**

- 106.** The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board but the Company in general meeting may declare a lesser dividend.
- 107.** Subject to the provisions of the Act, the Board may from time to time pay to the members such interim dividends of such amount on such class of shares and at such times as it may think fit.

- 108.** (1) The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applied for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, think fit.
- (2) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

- 109.** (1) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.
- (2) The Board may, if it deems fit, subject to the provisions of Section 50 of the Act, agree to and receive from any member willing to advance the whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the Shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Board agrees upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Board may at any time repay the amount so advanced.

The concerned members shall not be entitled to any 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 these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

- (3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.
- 110.** (1) The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.
- (2) The Board may retain dividends payable upon shares in respect of which any person is, under the Transmission Clause hereinbefore contained, entitled to become a member, until such person shall become a member in respect of such shares.
- (3) Where the Company has declared a dividend but which has not been paid or claimed within 30 (thirty) days from the date of declaration, transfer the total amount of dividend, which remained unpaid or unclaimed within 7 (seven) days from the date of expiry of the said period of 30 (thirty) days to a special account to be opened by the Company in that behalf in any scheduled bank to be called the "Unpaid Dividend account of the company."

Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven (7) years from the date of such transfer, shall be transferred by the Company to the Fund known as Investor Education and Protection Fund established under sub-section (1) of Section 125 of the Act.

The Board shall not forfeit unclaimed or unpaid dividend.

- 111.** (1) Any dividend, interest or other monies payable in cash in respect of shares may be paid by electronic mode or by cheque or warrant sent through the post or other permitted mode directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.
- (2) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
- (3) Payment in any way whatsoever shall be made at the risk of the person entitled to the money paid or to be paid. The Company will not be responsible for a payment which is lost or delayed. The Company will be deemed to having made a payment and received a good discharge for it if a payment using any of the foregoing permissible means is made.
- 112.** Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.
- 113.** No dividend shall bear interest against the Company.
- 114.** The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the member (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Board.

#### **Accounts**

- 115.** (1) The books of account and books and papers of the Company, or any of them, shall be open to the inspection of directors in accordance with the applicable provisions of the Act and the
- (2) No member (not being a director) shall have any right of inspecting any books of account or books and papers or document of the Company except as conferred by law or authorised by the Board.

#### **Winding up**

- 116.** Subject to the applicable provisions of the Act and the Rules made thereunder -
- (a) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide among the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.
- (b) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.
- (c) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

### **Indemnity and Insurance**

- 117.** (a) Subject to the provisions of the Act, every director, managing director, whole-time director, manager, company secretary and other officer of the Company shall be indemnified by the Company out of the funds of the Company, to pay all costs, losses and expenses (including travelling expense) which such director, manager, company secretary and officer may incur or become liable for by reason of any contract entered into or act or deed done by him in his capacity as such director, manager, company secretary or officer or in any way in the discharge of his duties in such capacity including expenses.
- (b) Subject as aforesaid, every director, managing director, manager, company secretary or other officer of the Company shall be indemnified against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgement is given in his favour or in which he is acquitted or discharged or in connection with any application under applicable provisions of the Act in which relief is given to him by the Court.
- (c) The Company may take and maintain any insurance as the Board may think fit on behalf of its present and/or former directors and key managerial personnel for indemnifying all or any of them against any liability for any acts in relation to the Company for which they may be liable but have acted honestly and reasonably.

### **General Power**

- 118.** Wherever in the Act, it has been provided that the Company shall have any right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorized by its articles, then and in that case this Article authorizes and empowers the Company to have such rights, privileges or authorities and to carry such transactions as have been permitted by the Act, without there being any specific Article in that behalf herein provided.

## 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 filing of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or are 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 at A-1, 7th Floor, Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra, India from 10.00 am to 4.00 pm on Working Days from the date of filing of the Red Herring Prospectus with the RoC until the Bid/Issue Closing Date.

#### *Material Contracts to the Issue*

1. Issue Agreement dated March 8, 2017 between our Company and the BRLMs.
2. Registrar Agreement dated February 3, 2017 between our Company and the Registrar to the Issue.
3. Cash Escrow Agreement dated [●] among our Company, the BRLMs, the Syndicate Members, Escrow Bank(s), if any, and the Registrar to the Issue.
4. Syndicate Agreement dated [●] among our Company, the BRLMs, Registrar to the Issue and Syndicate Members.
5. Underwriting Agreement dated [●] among our Company, the BRLMs, Registrar to the Issue and Syndicate Members.
6. Tripartite Agreement dated October 26, 2010 among our Company, NSDL and the Registrar to the Issue.
7. Tripartite Agreement dated October 27, 2016 among our Company, CDSL and the Registrar to the Issue.

#### *Material Documents*

1. Certified copies of the Memorandum of Association and Articles of Association of our Company, as amended to date.
2. Certificate of incorporation dated December 18, 1995, a fresh certificate of incorporation dated January 29, 2004, a fresh certificate of incorporation dated June 4, 2009, a fresh certificate of incorporation dated December 14, 2010, a fresh certificate of incorporation dated December 29, 2010 and a fresh certificate of incorporation dated November 11, 2016.
3. Resolutions of the Board of Directors of our Company and Equity Shareholders of our Company dated October 24, 2016 and December 21, 2016, respectively, authorizing the Issue and other related matters.
4. Copies of the annual reports of our Company for Fiscals 2016, 2015, 2014, 2013 and 2012.
5. Report titled “*Report on Indian Gems & Jewellery (G&J) Industry*”, dated December 13, 2016, prepared by CARE and consented to include the report in this Draft Red Herring Prospectus.
6. The examination reports of the Auditor, Ford, Rhodes, Parks & Co. LLP dated December 15, 2016 on our Restated Financial Statements, and statement of possible tax benefits dated March 6, 2017 included in this Draft Red Herring Prospectus.
7. Consents of the Auditor, Ford, Rhodes, Parks & Co. LLP, to include their names as experts in relation to their audit examination reports dated December 15, 2016 on our Restated Financial Statements and the statement of tax benefits as it appears in this Draft Red Herring Prospectus.

8. Consent letter dated February 28, 2017 of the independent chartered accountant, JNS & Associates LLP, to include its name as an 'expert' in relation to our key performance indicators included in this Draft Red Herring Prospectus.
9. Certificated dated March 6, 2017 from Ford Rhodes, Park & Co. LLP in relation to the working capital requirements of our Company.
10. Certificated dated March 6, 2017 from Ford Rhodes, Park & Co. LLP in relation to the working capital requirements of Nakshatra Brands.
11. Certificated dated March 6, 2017 from Ford Rhodes, Park & Co. LLP in relation to the working capital requirements of GILI India.
12. Consents of Bankers to our Company, the BRLMs, Syndicate Members, Registrar to the Issue, Bankers to the Issue, domestic legal counsel to the Issue, Directors, Chief Financial Officer, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
13. Share Purchase Agreement dated August 10, 2011 between GGL, GILI India and our Company.
14. Share Purchase Agreement dated August 10, 2011 between GGL, Bezel Jewellery (then known as D'Damas Jewellery (India) Private Limited and our Company.
15. Share Purchase Agreement dated August 10, 2011 between GGL, Nakshatra Brands (then known as Brightest Circle Jewellery Limited) and our Company.
16. Scheme of amalgamation between Alliance Jewellers Private Limited, Pink Jewellery Private Limited, their respective shareholders and Nakshatra Brands.
17. Scheme of amalgamation between Asmi Jewellery Limited, Spectrum Jewellery Limited, their respective shareholders and Nakshatra Brands.
18. Settlement Agreement dated July 21, 2016 between Damas Jewellery LLC, Bezel Jewellery, Partha Gems LLP, our Company, GGL, Mr. Mehul Choksi and Mast Jewellery Distributors LLP.
19. In-principle listing approvals dated [●] and [●] from BSE and NSE, respectively.
20. Due diligence certificate to SEBI from the BRLMs, dated [●].
21. SEBI observations letter (Ref. No. [●]) dated [●].
22. Resolutions of the Board of Directors of our Company dated [●] for the adoption of this Draft Red Herring Prospectus.

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 with the applicable law.

## DECLARATION

We certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the GoI, or the regulations issued by SEBI, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations issued thereunder, as the case may be. We further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

### SIGNED BY THE BOARD OF DIRECTORS OF OUR COMPANY

---

**(Mr. Mehul Choksi)**  
**(Chairman and Managing Director)**

---

**(Mr. Milind Limaye)**  
**(Non-Executive Director)**

---

**(Ms. Nazura Ajaney)**  
**(Independent Director)**

---

**(Mr. Anil Haldipur)**  
**(Independent Director)**

**AND**

### BY THE CHIEF FINANCIAL OFFICER

---

**(Mr. Kapil Khandelwal)**  
**(Chief Financial Officer)**

Place: Mumbai

Date: March 8, 2017