DRAFT RED HERRING PROSPECTUS
Please read Section 60B of the Companies Act, 1956
Dated: March 29, 2010
(The Draft Red Herring Prospectus will be updated upon filing with the RoC)
100% Book Building Issue

C. MAHENDRA EXPORTS LTD.

GROUP Since 1974

(Originally formed as a partnership firm under the name and style of 'M/s. C. Mahendra Exports'. Subsequently converted into a private limited company with the name 'C. Mahendra Exports Private Limited' on January 4, 2007 under Part IX of the Companies Act, 1956. Our Company became a public limited company and our name was changed to 'C. Mahendra Exports Limited' vide a fresh certificate of incorporation dated March 14, 2007. Our Company has been registered with the Registrar of Companies, Maharashtra at Mumbai and has been allocated CIN U27205MH2007PLC166717). (For details of changes in the name of our Company, please refer to 'History and Other Corporate Matters' on page 87 of the Draft Red Herring Prospectus)

Registered Office: 1204 Panchratna, 12th Floor, Opera House, Mumbai 400 004. **Tel:** + 91 22 2363 1487; **Fax:** +91 22 2363 4251
Corporate Office: A-5/6, Nagindas Mansion, 3rd Floor, 57-61, J.S.S. Road, Opera House, Mumbai 400 004
Contact Person: Mr. Mandar M. Ranade, Company Secretary and Compliance Officer
Tel: + 91 22 2382 6998; **Fax:** +91 22 2380 2847 **Website:** www.cmahendra.com **Email:** investorgrievance@cmahendra.com

PROMOTERS OF OUR COMPANY

Mr. Mahendra C. Shah, Mr. Champaklal K. Mehta, Mr. Pravin C. Shah, Mr. Pravin K. Mehta and Mr. Sandeep M. Shah

PUBLIC ISSUE OF 15,000,000 EQUITY SHARES OF RS. 10 EACH FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF RS. [●] PER EQUITY SHARE) AGGREGATING RS. [●] MILLION (REFERRED TO AS THE "ISSUE") BY C. MAHENDRA EXPORTS LIMITED (THE "COMPANY" OR THE "ISSUER"). THE ISSUE WILL CONSTITUTE 25.00 % OF THE FULLY DILUTED POST ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

PRICE BAND: RS. [●] TO RS. [●] PER EQUITY SHARE OF FACE VALUE RS. 10 EACH
THE FLOOR PRICE IS [●] TIMES OF THE FACE VALUE AND THE CAP PRICE IS [●] TIMES OF THE FACE VALUE

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

The Issue is being made under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and through the Book Building Process wherein at least 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), of which 5% shall be available for Allocation on a proportionate basis to Mutual Funds only. Our Company may allocate up to 30% of the QIB Portion to the Anchor Investors on a discretionary basis. The remaining QIB portion shall be available for allocation on a proportionate basis to QIBs including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price.. If at least 50% of the Issue cannot be allotted to QIBs, then the entire application money will be refunded forthwith. Further, not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders and not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders, subject to valid Bids being received at or above the Issue Price.

A Bidder (other than a QIB) may participate in the Issue through an Application Supported by Blocked Amount ("ASBA") by providing details of the bank account in which the Bid Amount will be blocked by the SCSBs. For details refer paragraph titled "Issue Procedure for ASBA Bidders" beginning on page 275 of the Draft Red Herring Prospectus.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first issue of Equity Shares of our Company, there has been no formal market for our Equity Shares. The face value of the Equity Shares is Rs.10 and the Issue Price is [●] times of the face value. The Floor Price is [●] times the face value and the Cap Price is [●] times the face value. The Issue Price (has been determined and justified by the Book Running Lead Managers ("BRLMs") and our Company, as stated in chapter titled "Basis for Issue Price" beginning on page 46 of the Draft Red Herring Prospectus) should not be taken to be indicative of the market price of our Equity Shares after our Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

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

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that the Draft Red Herring Prospectus contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in the 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 the Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

IPO GRADING

The Issue has been graded by [●] as [●] (indicating [●]. For further details, please refer to the chapter titled "General Information" beginning on page 15 of the Draft Red Herring Prospectus.

LISTING

The Equity Shares of our Company offered through the Draft Red Herring Prospectus are proposed to be listed on Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. We have received in-principle approval from BSE pursuant to letter dated [●] and NSE pursuant to letter dated [●] for listing of our Equity Shares. For the purposes of this Issue, [●] shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE ISSUE
YES BANK – EXPERIENCE OUR EXPERTISE	ANANDRATHI	LINK INTIME INDIA PVT LTD (Formerly INTIME SPECTRUM REGISTRY LTD)
YES Bank Limited Nehru Centre, 12th Floor Discovery of India Dr. A.B.Road, Worli Mumbai 400 018 **Tel:** + 91 22 6669 9144 **Fax:** + 91 22 2497 4158 **Email:** dlcm.ipo@yesbank.in **Contact Person:** Mr. Gautam Badalia **Website:** www.yesbank.in **SEBI Registration No**: MB / INM000010874	**Anand Rathi Advisors Limited** 11th Floor, Times Tower, Kamala City, Senapati Bapat Marg,Lower Parel, Mumbai 400 013 **Tel:** +91 22 4047 7000 **Fax:** +91 22 4047 7070 **Email:** cm.ipo@rathi.com **Contact Person:** Mr. Mukesh Garg / Mr. Ankoor Choudharri **Website:** www.rathi.com **SEBI Registration No:** MB / INM000010478	**Link Intime India Private Limited** C-13, Pannalal Silk Mills Compound LBS Road, Bhandup (West) Mumbai 400 078 **Tel:** +91 22 2596 0320 **Fax:** +91 22 2596 0329 **Toll Free no.:** 1-800-22-0320 **Email:** cmel.ipo@linkintime.co.in **Contact Person:** Mr. Sachin Achar **Website:** www.linkintime.co.in **SEBI Registration No**: INR000004058

ISSUE SCHEDULE

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

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SECTION I - GENERAL

DEFINITIONS AND ABBREVIATIONS

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

Term	Description
"C. Mahendra Exports Limited" or "the Company" or "our Company"	Unless the context otherwise requires, refers to C. Mahendra Exports Limited, a public limited company incorporated under the Companies Act, 1956 and having its registered office at 1204, Panchratna, 12th Floor Opera House, Mumbai - 400 004, Maharashtra, India
C. Mahendra Exports	Erstwhile partnership firm M/s. C. Mahendra Exports which was converted into a private limited company C. Mahendra Exports Private Limited on January 04, 2007, on account of conversion under Part IX of the Companies Act, 1956
"we" or "us" or "C. Mahendra Group" or "our Group"	Unless the context otherwise requires, refers to our Company and its subsidiaries (including subsidiaries of our subsidiaries) on a consolidated basis, as described in the Draft Red Herring Prospectus
Partners	Partners of the erstwhile partnership firm C. Mahendra Exports, namely: Mr. Mahendra C. Shah; Mr. Champaklal K. Mehta; Mr. Pravin C. Shah; Mr. Prakash K. Mehta; Mr. Pravin K. Mehta; Mr. Kanu C. Shah; Mr. Suresh K. Mehta; Mr. Paras C. Mehta; Mr. Sandeep M. Shah; Mr. Samir P. Shah; Mr. Suken P. Shah; and Mr. Kevin P. Mehta
Promoter(s)	The Promoters of our Company, namely, Mr. Mahendra C. Shah, Mr. Champaklal K. Mehta, Mr. Pravin C. Shah, Mr. Pravin K. Mehta and Mr. Sandeep M. Shah
Promoter Group	Companies, individuals and entities (other than companies) as defined under Regulation 2 sub-regulation (zb) of the SEBI ICDR Regulations.
Group Companies	Companies, firms, ventures, etc. promoted by the Promoters of the Issuer, as enumerated in the section titled "*Group Companies*" beginning on page 186 of the Draft Red Herring Prospectus. The following companies have been promoted by the Promoters of the Issuer: • KPM Realty Private Limited • Ashesha Trading Private Limietd • Polo Developers Private Limited • CM Infojewels Private Limited • Infojewels (India) Private Limited • C. Mahendra Capital Private Limited • Allright Trading Private Limited • C. Mahendra Jewels Private Limited
Subsidiaries	The subsidiaries of our Company (including subsidiaries of our direct subsidiary), namely: ***Direct Subsidiary of C. Mahendra Exports Limited*** • C. Mahendra International Limited, India • C. Mahendra BVBA, Antwerp ***Direct Subsidiaries of C. Mahendra International Limited*** • Ciemme Jewels Limited, India • Ciemme (LA) Inc., USA • C. Mahendra Exports (HK) Ltd., Hong Kong

Term	Description
	• C. Mahendra (USA) Inc., USA ***Subsidiaries of C. Mahendra (USA) Inc.*** • C. Mahendra (NY) LLC, USA • Ciemme (NY) LLC, USA

Conventional / General Terms

Term	Description
Articles/Articles of Association	Articles of Association of our Company.
Auditor	The statutory auditor of our Company, being M/s Suresh Surana & Associates, Chartered Accountants.
Board of Directors / Board	The Board of Directors of our Company or a committee constituted thereof.
Companies Act	The Companies Act, 1956 as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository	A body corporate registered under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
Director(s)	Director(s) of C. Mahendra Exports Limited.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder.
FII / Foreign Institutional Investor	Foreign Institutional Investor (as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India.
Financial Year / Fiscal / Fiscal Year/FY	Period of twelve months ended March 31 of that particular year, unless specifically stated otherwise.
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000, as amended from time to time.
GoI / Government	The Government of India.
I.T. Act / IT Act	The Income Tax Act, 1961, as amended from time to time.
I.T. Rules	Inome Tax Rules, 1962, as amended from time to time.
Indian GAAP	Generally accepted accounting principles in India.
Memorandum / Memorandum of Association / MoA	The Memorandum of Association of our Company.
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time.
Registered Office	The registered office of our Company being 1204, Panchratna, 12th Floor Opera House, Mumbai – 400 004, Maharashtra, India.
RoC / Registrar of Companies	Registrar of Companies, Maharashtra having its address at 100, Everest Building, Marine Drive,Mumbai - 400 002, Maharashtra, India
SCRA	Securities Contracts (Regulation) Act, 1956, read with rules and regulations thereunder and amendments thereto, as amended from time to time.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992.
SEBI Act	Securities and Exchange Board of India Act, 1992, read with rules and regulations thereunder and amendments thereto as amended from time to time.
SEBI Insider Trading Regulations	The SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended from time to time.
SEBI ICDR Regulations / SEBI ICDR Regulations 2009 / ICDR Regulations	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the circulars as specified in Clause 5 of SEBI/CFD/DIL/ICDRR/1/2009/03/09 dated September 03, 2009, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.
SEBI Rules and Regulations	SEBI ICDR Regulations, SEBI (Underwriters) Regulations, 1993, as amended, the SEBI (Merchant Bankers) Regulations, 1992, as amended, and any and all

Term	Description
	other relevant rules, regulations, guidelines, which SEBI may issue from time to time, including instructions and clarifications issued by SEBI from time to time, including instructions and clarifications issued by SEBI from time to time.
VCFs / Venture Capital Fund	Venture Capital Funds as defined in and registered with SEBI under the VCF Regulations.
VCF Regulations	Securities Exchange Board of India (Venture Capital Fund) Regulations, 1996, as amended.

Issue Related Terms

Term	Description
Allotted / Allotment / Allotment of Equity Shares	Unless the context otherwise requires, the allotment of Equity Shares pursuant to the Issue to successful Bidders.
Allocation / Allocation of Equity Shares	Unless the context otherwise requires, the allocation of Equity Shares pursuant to the Issue to successful Bidders.
Allottee	The successful Bidder to whom the Equity Shares are being/ have been Allotted.
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion, who has Bid for an amount of at least Rs. 100 million.
Anchor Investor Bidding Date	The date one day prior to the Bid/Issue Opening Date.
Anchor Investor Margin Amount	An amount representing 25% of the Bid Amount payable by Anchor Investors at the time of submission of their Bid.
Anchor Investor Portion	[●] Equity Shares representing 30% of the QIB Portion, available for allocation to Anchor Investors on a discretionary basis in accordance with the SEBI Regulations.
Anchor Investor Price	The price at which Allotment is made to Anchor Investors in terms of the Red Herring Prospectus, which shall be higher than or equal to the Issue Price, but not higher than the Cap Price.
Application Supported by Blocked Amount/ASBA	The Application Supported by Blocked Amount (whether physical or electronic) used by a Bidder (other than a QIB) to make a Bid authorising the SCSB to block the Bid Amount in their specified bank account maintained with SCSB.
ASBA Account	Account maintained by an ASBA Bidder with a SCSB which shall be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder, as specified in the ASBA Bid cum Application Form
ASBA Bid cum Application Form / ASBA Form	The Bid cum Application Form for ASBA Investors in terms of which the ASBA Bidder shall make an offer to subscribe to the Equity Shares of our Company and which will be considered as the application for Allotment in terms of the Red Herring Prospectus and Prospectus.
ASBA Investor / ASBA Bidder	An Investor who intends to apply through ASBA process in the Issue and is not a QIB; is applying through blocking of funds in a bank account with the SCSB.
ASBA Public Issue Account	A bank account of our Company under Section 73 of the Act, being the same as the Public Issue Account, where the funds shall be transferred by the SCSBs from the ASBA Account
Banker(s) to the Issue	[●]
Bankers to our Company	Bankers to our Company, being Bank of Baroda, Bank of India,Canara Bank, State Bank of Mysore, Corporation Bank, IndusInd Bank Limited, State Bank of Travancore, State Bank of Indore, State Bank of Bikaner & Jaipur, State Bank of India, State Bank of Patiala, Indian Bank, Central Bank of India, Punjab National Bank and HDFC Bank Limited.
Basis of Allotment / Basis of Allocation	The basis on which the Equity Shares will be allotted / allocated.
Bid	An indication to make an offer during the Bidding/Issue Period by a prospective investor to subscribe to our Equity Shares at a price within the Price Band, including all revisions and modifications thereto. For the purposes of ASBA Bidders, it means an indication to make an offer during the Bidding Period by any Bidder (other than QIBs) pursuant to the submission of an ASBA Bid cum Application Form to subscribe to the Equity Shares.

Term	Description
Bid / Issue Closing Date	Except in relation to Anchor Investors, the date after which the members of the Syndicate / SCSBs will not accept any Bids for the Issue, which shall be notified in an English national newspaper, Hindi national newspaper and a regional language newspaper with wide circulation, including any revisions thereof.
Bid / Issue Opening Date	Except in relation to Anchor Investors, the date on which the members of the Syndicate / SCSBs shall start accepting Bids for the Issue, which shall be the date notified in an English national newspaper, Hindi national newspaper and a regional language newspaper with wide circulation.
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid in the Issue. In case of ASBA Bidders the highest value of the optional Bids indicated in the ASBA Bid Cum Application Form.
Bid cum Application Form / Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of our Company which will be considered as the application for Allotment in the terms of the Red Herring Prospectus and Prospectus. Unless the context otherwise requires in the Draft Red Herring Prospectus, the Bid Cum Application Form includes ASBA Bid Cum Application Form.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid-cum-Application Form or the ASBA Bid cum Application Form.
Bidding Period or Bidding/ Issue Period or Issue/ Bidding Period or Bid / Issue Period.	The period between the Bid / Issue Opening Date and the Bid / Issue Closing Date, inclusive of both days, during which prospective Bidders, other than Anchor Investors can submit their Bids, including any revisions thereof.
Book Building Process	Book building mechanism as provided under Schedule XI of the SEBI ICDR Regulations, in terms of which the Issue is made.
BRLMs / Book Running Lead Managers	Book Running Lead Managers to the Issue, in this case being YES BANK Limited and Anand Rathi Advisors Limited
BSE	The Bombay Stock Exchange Limited.
CAN / Confirmation of Allocation Note	Except in relation to the Anchor Investors, the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process. Unless the context otherwise refers it also includes revised CAN(s) In relation to Anchor Investors, the note or advice or intimation sent to the successful Anchor Investors who have been allocated Equity Shares after discovery of the Anchor Investor Price, including any revisions thereof.
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted.
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate Bids under this Issue by the ASBA Bidders with the Registrar to the Issue and the Stock Exchanges and a list of which is available at http://www.sebi.gov.in.
Cut-off Price	Any price within the Price Band finalised by us in consultation with the BRLMs. A Bid submitted at the Cut-off Price by a Retail Individual Bidder who has Bid for Equity Shares for an amount less than or equal to Rs. 100,000 and is a valid Bid at all price levels within the Price Band.
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account and the amount blocked by the SCSBs are transferred from the bank account of the ASBA Investors to the Public Issue Account, as the case may be, after the Prospectus is filed with the Registrar of Companies following which the Board of Directors shall allot Equity Shares to successful Bidders.
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Bid cum Application Form from the ASBA Bidders and a list of which is available on http://www.sebi.gov.in.
Designated Stock Exchange	[●]
Draft Red Herring Prospectus / DRHP	The Draft Red Herring Prospectus dated [•] and issued in accordance with Section 60B of the Companies Act and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 which does not have complete particulars

Term	Description
	on the price at which the Equity Shares are offered and size of the Issue, which is filed with SEBI and Stock Exchanges. It will become a Red Herring Prospectus issued in accordance with the provisions of Section 60B of the Companies Act after filing with the RoC at least three days before the Bid / Issue Opening Date. It will become a Prospectus after filing with the RoC after the Pricing Date.
Eligible NRI	NRIs from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares Allotted herein.
Equity Shares	Equity shares of our Company having a face value of Rs. 10 each fully paid up unless otherwise specified in the context thereof.
Escrow Account (s)	Account opened with Escrow Collection Bank(s) and in whose favour the Bidder (excluding ASBA Bidders) will issue cheques or drafts or electronic transfer in respect of the Bid Amount.
Escrow Agreement	Agreement to be entered into among our Company, the Registrar to the Issue, the Escrow Collection Bank(s), the Refund Bank(s) and the BRLMs in relation to the collection of the Bid Amounts and dispatch of the refunds (if any) of the amounts collected, to the Bidders (except ASBA Investor).
Escrow Collection Bank(s)	The banks, which are clearing members and registered with SEBI as Banker to the Issue at which the Escrow Account will be opened in this Issue being [●].
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form or Revision Form or ASBA Bid cum Application Form or ASBA Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalised and below which no Bids will be accepted.
IPO Committee	Committee of our Board consisting of Mr. Mahendra C. Shah, Mr. Champaklal K. Mehta and Mr. Sandeep M. Shah
IPO Grading Agency	[●], the grading agency appointed by our Company for grading the Issue
Issue/Issue Size/IPO/ Issue to the Public	Public Issue of [●] Equity Shares of Rs.10/- each for cash at a price of Rs. [●] per share (including a share premium of Rs. [●] per Equity Share) aggregating Rs.[●] million.
Issue Price	The final price at which Equity Shares will be issued and Allotted in terms of the Red Herring Prospectus, as determined by our Company in consultation with the BRLMs, on the Pricing Date.
Margin Amount	The amount paid by the Bidder (ASBA Investor) at the time of submission of the Bid, which may be between 10% or 100% of the Bid Amount, as applicable.
Mutual Fund Portion	That portion of the Issue, being 5% of the QIB Portion or [●] Equity Shares available for allocation on a proportionate basis to Mutual Funds only, out of the QIB Portion.
Mutual Funds	Mutual Funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Net Proceeds	Issue proceeds, after deducting the underwriting and issue management fees, selling commissions and other expenses associated with the Issue
Non-Institutional Bidders	All Bidders (including sub - accounts which are foreign corporates or foreign individuals) that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000.
Non-Institutional Portion	Consists of 2,250,000 Equity Shares aggregating Rs. [●] million, being not less than 15% of the Issue size, available for Allocation to Non Institutional Bidders on a proportionate basis, subject to receipt of valid Bids at or above the Issue Price.
NR / Non-Resident	A "person resident outside India", as defined under FEMA including eligible NRIs and FIIs.
NRI/ Non-Resident Indian	A "person resident outside India", as defined under FEMA and who is a citizen of India or is a person of Indian origin (as defined under the Foreign Exchange Management (Deposit) Regulations, 2000), as amended.
OCB/ 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

Term	Description
	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 the FEMA. OCBs are not permitted to invest in this Issue.
Pay-in-Date	Except with respect to ASBA Bidders, Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders, receiving Allocation who pay less than 100% Margin Amount at the time of Bidding, as applicable.
Pay-in-Period	Means: (i) With respect to Bidders, except Anchor Investors, whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the Bid/Issue Closing Date, and (ii) With respect to other Bidders, except Anchor Investors whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date, as specified in the CAN. (iii) With respect to Anchor Investors, commencing on the Anchor Investor Bidding Date and extending till the last date specified in the CAN, which shall not be later than two days after the Bid Closing Date.
Payment through electronic transfer of funds	Payment through ECS / NECS, Direct Credit, RTGS or NEFT, as applicable
Person / Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires.
Preference Share(s)	12,500,000 6% redeemable preference shares issued by the Company on March 4, 2010 in favour of Mr Mahendra C. Shah, Mr. Champaklal K. Mehta, Mr. Pravin C. Shah, Mr. Pravin K. Mehta, Mr. Sandeep M. Shah, Mr. Prakash K. Mehta, Mr. Kanu C. Shah, Mr. Suresh K. Mehta, Mr. Paras C. Mehta, Mr. Samir P. Shah, Mr. Suken P. Shah and Mr. Kevin P. Mehta through preferential allotment with a face value of Rs. 10/- per preference share for an issue price of Rs. 100/- each (inclusive of a premium of Rs. 90/- per share).The Company is entitled to redeem the said preference shares out of its profit by 3 equal installments commencing from 7th, 8th and 9th year from the date of issue. Dividend at the rate of 6% shall be payable per annum.
Price Band	The price band with a minimum prices of Rs. [•] (Floor Price) and the maximum price (Cap Price) of Rs. [•] (Cap Price) and includes revisions thereof. The Price Band and the minimum bid lot size for the Issue will be decided by the Company in consultation with the BRLMs and advertised, two Working Days prior to the Bid / Issue Opening Date, in one English national newspaper, one Hindi national newspaper and a regional language newspaper with wide circulation, at least two Working Days prior to Bid / Issue Opening Date.
Pricing Date	The date on which our Company in consultation with the BRLMs finalises the Issue Price.
Prospectus	The prospectus, to be filed with the RoC in accordance with the provisions of the Companies Act and SEBI Regulations, containing, inter alia, the Issue Price that is determined at the end of the Book Building Process on the pricing date, the size of the Issue and certain other information.
Public Issue Account	Account opened with the Banker(s) to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date.
QIB Margin Amount	An amount representing at least 10% of the Bid Amount which QIBs (other than Anchor Investors) are required to pay at the time of submission of Bid.
QIB Portion	The portion of the Issue, being atleast 7,500,000 Equity Shares of Rs. 10 each aggregating to [•] million, being at least 50% of the Issue (subject to mandatory Allotment of at least 50% of the Issue Size to QIBs), available for Allocation to QIBs, including the Anchor Investor Portion on a proportionate basis, Subject to valid bids being received at or above the Issue Price. 5% of the QIB Portion i.e. 375,000 Equity Shares *(to be adjusted for Anchor Investor*

Term	Description
	Portion, if applicable) shall be available for Allocation on a proportionate basis to Mutual Funds only.
Qualified Institutional Buyers or QIBs	A mutual fund, venture capital fund and foreign venture capital investor registered with SEBI; a foreign institutional investor and sub-account (other than a sub-account which is foreign corporate or foreign individual), registered with SEBI; a public financial institution as defined in Section 4A of the Companies Act, 1956; a scheduled commercial bank; a multilateral and bilateral development financial institution; a state industrial development corporation; an insurance company registered with the Insurance Regulatory and Development Authority (IRDA); provident funds with minimum corpus of Rs. 2500 lacs; and pension funds with minimum corpus of Rs. 2500 lacs; National Investment Fund set up by resolution no. F. No. 2/3/2005- DDII dated November 23, 2005 of the Government of India published in the Gazette of India and Insurance funds set up and managed by army, navy or air force of the Union of India, eligible to Bid in the Issue.
Refund Account (s)	The no-lien account maintained by the Refund Bank(s) to which the surplus money shall be transferred on the Designated Date and from which refunds of the whole or part of the Bid Amount (excluding the ASBA Bidders), if any, shall be made.
Refund Bank	The bank(s) which have been appointed / designated for the purpose of refunding the amount to investors either through the electronic mode as prescribed by SEBI and / or physical mode in accordance with the procedure contained in the chapter titled "Issue Procedure" beginning on page 245 of the Draft Red Herring Prospectus.
Refund Banker (s)	[•]
Registrar /Registrar to the Issue	Registrar to the Issue, in this case being Link Intime India Private Limited, having its office at C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup (West), Mumbai 400 078, India.
Retail Individual Bidders	Individual Bidders (including HUFs, minors) who have Bid for Equity Shares for an amount less than or equal to Rs. 100,000/- in any of the bidding options in the Issue (including HUF applying through their Karta or minor applying through their natural guardian and Eligible NRIs and does not include NRIs other than Eligible NRIs)
Retail Portion	Consists of 5,250,000 Equity Shares, aggregating to Rs. [•] million, being not less than 35% of the Issue Size, available for Allocation to Retail Individual Bidder(s) on a proportionate basis, subject to valid Bids being received at or above the Issue Price.
Revision Form	The form used by the Bidders to modify the number of Equity Shares or the Bid Price in any of their Bid-cum-Application Forms or any previous Revision Form(s).
RHP or Red Herring Prospectus	The Red Herring Prospectus dated [●] to be issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus will be filed with the RoC at least three (3) days before the Bid/Issue Opening Date and will become a Prospectus upon filing with the RoC the copy that includes the details of pricing and Allocation and final size of this Issue.
Self Certified Syndicate Banks (SCSBs)	Shall mean a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994 and which offers the service of making an Applications Supported by Blocked Amount and recognized as such by the SEBI from time to time.
SCSB Agreement	The deemed agreement between the SCSBs, the BRLMs, the Registrar to the Issue, our Company, in relation to the collection of Bids from the ASBA Bidders and payment of funds by the SCSBs to the ASBA Public Issue Account
Stock Exchanges	BSE and NSE.
Syndicate / Members of the Syndicate	The BRLMs and the Syndicate Members.
Syndicate Agreement	The agreement to be entered into among our Company and the members of the Syndicate, in relation to the collection of Bids in the Issue.
Syndicate Members	Intermediaries registered with SEBI and eligible to act as underwriters in this case being [●].

Term	Description
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate Members to the Bidders and by SCSBs to ASBA Investors as proof of registration of the Bid.
U.S. GAAP	Generally accepted accounting principles in the United States of America.
Underwriters	The BRLMs and the Syndicate Members
Underwriting Agreement	The Agreement to be entered into among our Company and the Underwriters on or after the Pricing Date.
Working Day(s)/Business Day(s)	Any day (other than a Saturday or a Sunday and a public holiday) on which the SEBI, the Stock Exchanges or the commercial banks in Delhi and / or Mumbai, India, are open for business.

Industry / Company related terms

Term	Description
ALROSA	ALROSA Company Limited
BPP/ Best Practice Principles	The term used for a suite of criteria The DTC have compiled to ensure consumers buying diamond jewellery will be able to rely with confidence on the ethical standards of the industry. As part of this initiative, clients are required to undergo third party reviews to ensure that they are in compliance with the BPP criteria
Carat	The unit for determining weight of gemstones, 1 carat being equal to 0.2 grams
Conflict Diamonds	A conflict diamond (also called a blood diamond) is a diamond mined in a war zone and sold, usually clandestinely, in order to finance an insurgent or invading army's war efforts
CPD	Cut and Polished Diamonds
the DTC / DTC	The Diamond Trading Company Limited and/or any member of the De Beers group and where expressly indicated, any joint venture sales company in which the De Beers group is in partnership with the Governments of Botswana and Namibia ("Producer Countries") respectively or any other country.
Karatage	Unit to determine the purity of gold
kW	kilo-Watt
Rough Diamonds	Diamonds as found in their natural state, prior to any polishing work being conducted
Sightholder	Companies selected as eligible to purchase diamonds from The Diamond Trading Company under its supply and distribution arrangements known as Supplier of Choice

Abbreviations

Abbreviation	Full Form
A/c	Account
AGM	Annual General Meeting
ARAL	Anand Rathi Advisors Limited
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
ASBA	Applications Supported by Blocked Amount
AY/A.Y.	Assessment Year
BIFR	Board for Industrial and Financial Reconstruction
Bn	Billion
CAD	Computer-aided design
CAGR	Compounded Annual Growth Rate
CAM	Computer-aided manufacturing
CB	Controlling Branch
CDSL	Central Depository Services (India) Limited
CENVAT	Central Value Added Tax
CESTAT	Central Excise and Services Tax Appellate Tribunal
CIN	Company Identification Number
DB	Designated Branch
CIT(A)	Commissioner of Income Tax (Appeals)
CMEL	C. Mahendra Exports Limited
CPI	Consumer Price Index
DCIT	Deputy Commissioner of Income Tax
Dept.	Department

Abbreviation	Full Form
Depositories	NSDL and CDSL
DG	Diesel Generator
DIN	Director Identification Number
DP ID	Depository Participant's Identification Number
DP/Depository Participant	A depository participant as defined under the Depositories Act, 1996
DTA	Domestic Tariff Area
EBITDA	Earnings before Interest, Tax, Depreciation, Amortisation and extraordinary items
ECS	Electronic Clearing System
EEFC	Exchange Earners Foreign Currency
EGL	European Gemological Laboratory
EPCG	Export Promotion Capital Goods Scheme
EPS	Earnings per share
EPZ	Export Processing Zone
EOU	Export Oriented Unit
ESOP	Employee Stock Option Plan
ESOS	Employee Stock Option Scheme
EU	European Union
FCNR Account	Foreign Currency Non Resident Account
FEDAI	Foreign Exchange Dealers' Association of India
FIs	Financial Institutions
FIIs	Foreign Institutional Investor
FY	Financial Year
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GoI/ Government	Government of India
FIPB	Foreign Investment Promotion Board
GJEPC	Gem and Jewellery Export Promotion Council
HNI	High Net-worth Individual
HUF	Hindu Undivided Family
IDI	Indian Diamond Institute, Surat.
IT	Information Technology
I.T. Act	The Income Tax Act, 1961, of India as amended from time to time
ICAI	Institute of Chartered Accountants of India
IPC	Indian Penal Code
IPO	Initial Public Offer
LIBOR	London Interbank Offered Rate
MICR	Magnetic Ink Character Recognition
MoA	Memorandum of Association
MoU	Memorandum of Understanding
Mn / mn	Million / million / millions
MODVAT	Modified Value Added Tax
NA	Not Applicable
NAV	Net Asset Value
NECS	National Electronic Clearing System
NEFT	National Electronic Fund Transfer
NCDRC	National Consumer Disputes Redressal Commission
NOC	No Objection Certificate
NR	Non-Resident
NRE Account	Non Resident External Account
NRI	Non-Resident Indian
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
NTA	Net Tangible Assets
PAN	Permanent Account Number
p.a.	Per annum
PAT	Profit After Tax
PBT	Profit Before Tax
P/E Ratio	Price/Earnings Ratio
Qty	Quantity
RBI	The Reserve Bank of India

Abbreviation	Full Form
RoNW	Return on Net Worth
Rs. / Rupees / INR	Indian Rupees, the legal currency of the Republic of India
RTGS	Real Time Gross Settlement
SCRA	The Securities Contracts (Regulation) Act, 1956, as amended from time to time.
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SCSB	Self Certified Syndicate Bank
SEBI	Securities and Exchange Board of India
SEEPZ	Santacruz Electronics Export Processing Zone
SICA	Sick Industrial Companies (Special Provisions) Act, 1985, as amended from time to time.
Sq. Mts.	Square Meters
SEZ	Special Economic Zone
SFT or Sq. Ft. or sq ft	Square Feet
TIN	Taxpayers Identification Number
TRS	Transaction Registration Slip
UAE	United Arab Emirates
UIN	Unique Identification Number issued in terms of SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time.
UoI	Union of India
USA/US	United States of America
USD/U.S.$/US Dollar	United States Dollars, the legal currency of the United States of America.
WDV	Written Down Value
WPI	Wholesale Price Index
YES BANK	YES BANK Limited

Notwithstanding the foregoing,

a. *In the section titled "Description of Equity Shares and Terms of the Articles of Association" beginning on page 288 of the Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;*

b. *In the section titled "Financial Statements" beginning on page 121 of the Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;*

c. *In the paragraphs titled "Disclaimer Clause of the Bombay Stock Exchange Limited" and "Disclaimer Clause of the National Stock Exchange of India Limited" beginning on page 230 and 235 respectively of the Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in those paragraphs.*

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

Certain Conventions

Unless indicated otherwise, all references to "C. Mahendra Group", "our Group", "we" or "us" are to C. Mahendra Exports Limited and its subsidiaries on a consolidated basis. Further, unless indicated otherwise, all reference to "our Company", "the Company" or "C. Mahendra Exports Limited" are to C. Mahendra Exports Limited on a standalone basis.

All references to "India" are to the Republic of India. All references to "US", "USA" or "United States" are to the United States of America.

Financial data

Unless indicated otherwise, the financial data in the Draft Red Herring Prospectus is derived from our restated consolidated financial statements, as of and for the six months period ended September 30, 2009 and for the five years ended March 31, 2009, prepared in terms of the requirements of Paragraph B(1) of Part II of Schedule II of the Companies Act, 1956 ('the Act'), the Indian GAAP and SEBI ICDR Regulations as stated in the report dated February 3, 2010 of M/s. Suresh Surana & Associates, Chartered Accountants, in the section titled *"Financial Statements"* beginning on page 121 of the Draft Red Herring Prospectus. Further we have included the restated standalone financial statements of our Company as of and for the six months period ended September 30, 2009 and for the five years / period ended March 31, 2009, March 31, 2008, March 31, 2007, January 3, 2007, March 31, 2006 and March 31, 2005, prepared in terms of the requirements of Paragraph B(1) of Part II of Schedule II of the Companies Act, 1956 ('the Act'), the Indian GAAP and SEBI ICDR Regulations as stated in the report dated February 03, 2010 of M/s. Suresh Surana & Associates, Chartered Accountants in the section titled *"Financial Statements"* beginning on page121 of the Draft Red Herring Prospectus.

Our business was converted from a partnership firm into a private limited company on January 4, 2007. The following companies are our Subsidiaries as on the date of the Draft Red Herring Prospectus:

Direct subsidiaries of C. Mahendra Exports Limited

Name of Subsidiary	Effective date of becoming Subsidiary	Extent of holding as on the date of the Draft Red Herring Prospectus (%)
C. Mahendra International, India	November 11, 2003	100.00
C. Mahendra BVBA, Antwerp	May 14, 2004*	54.04

**Previously C. Mahendra BVBA was the direct subsidiary of C. Mahendra International Limited. Pursuant to transfer of shares to C. Mahendra Exports Limited, C. Mahendra BVBA became the direct subsidiary of C. Mahendra Exports Limited with effect from March 25, 2008 holding 54.04% and the balance is held by C. Mahendra International, India.*

Direct subsidiaries of C. Mahendra International, India

Name of Subsidiary	Effective date of becoming Subsidiary	Extent of holding as on the date of the Draft Red Herring Prospectus (%)
Ciemme Jewels Limited, India	December 04, 2003	100.00
Ciemme (LA) Inc., USA	November 11, 2003	100.00
C. Mahendra Exports (HK) Limited, Hong Kong	Since incorporation	100.00
C. Mahendra (USA) Inc., USA	Since incorporation	100.00

Direct subsidiaries of C. Mahendra (USA) Inc., USA

Name of Subsidiary	Effective date of becoming Subsidiary	Extent of holding as on the date of the Draft Red Herring Prospectus (%)
C. Mahendra (NY) LLC, USA	Since incorporation	99.00
Ciemme (NY) LLC, USA	Since incorporation	99.00

Due to the change in shareholding, the restated consolidated financial statement of our Company as of March 31, 2009, included in the Draft Red Herring Prospectus, may not be be comparable with the past results of operations and financial condition of our Group. For further details, please refer to heading titled *"Our Subsidiaries"* beginning on page 90, under the chapter titled *"History and Other Corporate Matters"* of the Draft Red Herring Prospectus.

The fiscal year of our Group commences on April 1 and ends on March 31 of each year, so all references to a particular fiscal year are to the twelve month period ended March 31 of that year.

Further, any discrepancies in any table between the total and the sum of the amounts are due to rounding-off. Throughout the Draft Red Herring Prospectus, currency figures have been expressed in "million/mn./millions" except those, which have been reproduced/ extracted from sources as specified at the respective places.

There are significant differences between Indian GAAP and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements included in the Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Indian GAAP, Companies Act and the SEBI ICDR Regulations. Any reliance by Persons not familiar with Indian accounting practices, Indian GAAP, Companies Act and the SEBI ICDR Regulations on the financial disclosures presented in the Draft Red Herring Prospectus should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

Market and Industry Data

Market data used in the Draft Red Herring Prospectus have been obtained from industry publications and publicly available government documents. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe market data used in the Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while are believed by us to be reliable, have not been verified by any independent sources. The extent to which such market and industry data is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

Disclaimer of IMaCS: *All information contained in the enclosed content has been obtained by IMaCS from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided is true 'as is' without any warranty of any kind, and IMaCS in particular, makes no representation of warranty, express or implied, as to the accuracy timeliness or completeness of any such information. All information contained herein must be construed solely as statements of opinion and IMaCS shall not be liable for any losses incurred by users from any use of this publication or its contents.*

CURRENCY AND UNIT OF PRESENTATION

All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India. Rs. 1 lac means Rs. 1,00,000 and Rs. 1 Crore means Rs. 1,00,00,000. All references to "US$"; "U.S. Dollar", USD or "US Dollars" are to United States Dollars, the official currency of the United States of America, all references to "€"or "EUR" are to Euros, the official currency of European Union, , all references to "HKD" are to Hong Kong Dollars the official currency of Hong Kong all references to "Sterling Pound" or "£" are to the official currency of the United Kingdom, all references to "S$" or "Singapore Dollars" are to Singapore Dollars, the official currency of Republic of Singapore and all references to "AED" or "U.A.E. Dirham" or "DH" or "Dhs" are to United Arab Emirates Dirham, the official currency of United Arab Emirates. For additional definitions, refer to the chapter titled "*Definitions and Abbreviations*" beginning on page i of the Draft Red Herring Prospectus.

The Draft Red Herring Prospectus contains translations of certain currency amounts into Indian Rupees that have been presented solely to comply with the requirements of Schedule VIII, Part A, (VIII) (G) of the SEBI ICDR Regulations. These convenience translations should not be construed as a representation that those currency amounts could have been, or can be converted into Indian Rupees, at any particular rate, the rates stated below, or at all.

Except in the *"Objects of the Issue"* and unless stated otherwise elsewhere, all convenience translations into INR are based on the following daily average conversion rate sourced from the website www.oanda.com, as on September 30, 2009:

- 1 USD = Rs. 48.1774
- 1 EUR = Rs. 70.2932
- 1 HKD = Rs. 6.21614

FORWARD LOOKING STATEMENTS

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

Important factors that could cause our actual results to differ materially from our expectations include, but are not limited to, the following:

- The growth of Gems and Jewellery industry in India;
- Our ability to source diamonds and other raw materials at competitive rates from The DTC and other suppliers including local suppliers;
- Changes in the value of the Rupee and other currency changes and our ability to hedge foreign currency risks affectively;
- General economic and business conditions in India;
- Our ability to manage our growth effectively;
- Our ability to finance our business growth and obtain financing on favourable terms;
- Our ability to compete effectively, particularly in new markets and businesses;
- Changes in tastes and preferences of our customers;
- Our ability to develop "Ciemme" brand;
- Our ability to meet our capital expenditure requirements;
- Our dependence on key personnel and ability to recruit/retain them;
- Contingent liabilities and uninsured losses;
- Government approvals;
- Changes in government policies and regulatory actions that apply to or affect our business;
- Changes in the Indian and international interest rates;
- Changes in political and social conditions in India; and
- Performance of the financial markets, both Indian and global.

For further discussion of the factors that could cause our actual results to differ, please refer to section titled *"Risk Factors"* and chapters titled *"Business Overview"* and *"Management's Discussion and Analysis of Financial Condition and Result of Operations"* beginning on page 66 and 194 respectively, of the Draft Red Herring Prospectus. 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. Neither our Company nor the BRLMs nor any of their respective affiliates has 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, the BRLMs will update the Red Herring Prospectus and Prospectus to ensure that investors in India are informed of material developments until the time of commencement of trading of the Equity Shares Allotted pursuant to the Issue on the Stock Exchanges.

SECTION II - RISK FACTORS

An investment in Issue involves a high degree of risk. You should carefully consider all of the information in the Draft Red Herring Prospectus, including the risks and uncertainties described below and the "Financial Statements" beginning on page 121 of the Draft Red Herring Prospectus, before making an investment in our Company's Equity Shares. You should read this section in conjunction with "Business Overview" and "Management's Discussion and Analysis of Financial Condition and Result of Operations" on page 66 and 194 respectively of the Draft Red Herring Prospectus, as well as the other information contained in the Draft Red Herring Prospectus. If any or some combinations of the following risks were to occur, our business, financial condition and results of operations could suffer, the trading price of the Equity Shares of our Company and the value of your investment in Equity Shares could decline, and you may lose all or part of your investment.

The Draft Red Herring Prospectus also contains forward looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in the Draft Red Herring Prospectus. See "Forward Looking Statements" beginning on page xiv of the Draft Red Herring Prospectus. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. Prior to making an investment decision, prospective investors and purchasers must rely on their own assessment of the Issue and us.

Materiality:

The risk factors have been determined on the basis of their materiality. The following factors have been considered for determining their materiality:

1. *Some events may not be material individually but may be found material collectively.*
2. *Some events may have a material impact qualitatively instead of quantitatively.*
3. *Some events may not be material at present but may have material impacts in the future.*

INTERNAL RISK FACTORS

Risks Relating to our Company and Business

1. Our Company is involved in a number of legal and other proceedings

Our Company is involved in certain legal proceedings and claims in relation to certain civil and taxation matters incidental to our business and operations. Our Company is also subject to claims arising from excise and customs (including show cause). These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Any adverse decision may affect the business of our Company and results of operations. A classification of these legal and other proceedings instituted by and against our Company is given in the following table:

Cases filed against our Company:

Type of legal proceeding	Total number of pending cases / show cause notices / summons	Financial Implications (to the extent quantifiable) (Rs. in millions*)
Income Tax notices	4	Negligible

Cases filed by our Company:

Type of legal proceeding	Total number of pending cases / show cause notices / summons	Financial Implications (to the extent quantifiable) (Rs. in millions*)
Income Tax cases	2	0.44
Civil cases	1	90.88
Service tax matter	3	0.59
Excise and Customs Case	1	11.00**
Writ Petition	1	Not Quantifiable
Trademark	2	Not Quantifiable

*The amount involved is the amount expressly claimed, being the liability and financial impact which may be incurred if it/they are unsuccessful in legal proceedings. However, it does not include those penalties, interests and costs, if any, which may be imposed which may have been pleaded but not quantified in the course of legal proceedings, or which the Court/Tribunal otherwise has the discretion to impose. The imposition and amount of such penalties/interest/costs are at the discretion of the Court/Tribunal where the case is pending. Such liability, if any, would crystallize only on the order of the Court / Tribunal where the case is pending.

** Of the total amount of Rs. 11,000,000, an amount of Rs. 1,000,000 has been deposited by our Company and a sum of Rs. 7,655,000 has been appropriated against the bank guarantee while the balance amount has been waived off.

For further details on outstanding litigation, please refer to chapter titled *"Outstanding Litigation, Material Developments and Other Disclosures"* beginning on page 217 of the Draft Red Herring Prospectus.

2. Some of our Subsidiaries / Group Companies are involved in certain litigation.

The details of legal proceedings involving our Subsidiaries / Group Companies are as follows:

Cases filed against our Subsidiaries / Group Companies:

Name of Group Company / Subsidiary	Type of Proceedings	Total number of pending cases / show cause notices / summons	Financial Implications (to the extent quantifiable) (Rs. in millions*)
Ciemme Jewels Limited	Income Tax	1	Not Quantifiable

Cases filed by our Subsidiaries / Group Companies:

Name of Group Company / Subsidiary	Type of Proceedings	Total number of pending cases / show cause notices / summons	Financial Implications (to the extent quantifiable) (Rs. in millions*)
C. Mahendra Capital Private Limited	Income Tax	1	0.009
C. Mahendra Jewels Private Limited	Income Tax	1	1.02

*The amount involved is the amount expressly claimed, being the liability and financial impact which may be incurred if it/they are unsuccessful in legal proceedings. However, it does not include those penalties, interests and costs, if any, which may be imposed which may have been pleaded but not quantified in the course of legal proceedings, or which the Court/Tribunal otherwise has the discretion to impose. The imposition and amount of such penalties/interest/costs are at the discretion of the Court/Tribunal where the case is pending. Such liability, if any, would crystallize only on the order of the Court / Tribunal where the case is pending.

3. Our Company has paid penalties to statutory authorities in the last five years.

The past cases in which penalties have been imposed on our Company (the erstwhile partnership firm) are as follows:

Sr. No.	Amount of penalty/ fine imposed	Brief particulars regarding the penalty imposed	Remarks – (paid/payable) and reasons thereof
1.	11,000,000	Fine of Rs. 6,000,000 and penalty of Rs. 5,000,000 imposed on our Company (the erstwhile partnership firm) under the excise and customs case appearing at Part I C above.	Of the total amount of Rs. 11,000,000, an amount of 1,000,000 has been deposited by our Company vide a challan dated March 11, 2008 and a sum of Rs. 7,655,500 has been appropriated against the bank guarantee furnished by our Company. The balance amount of 2,344,500 by way of penalty and fine payable has

Sr. No.	Amount of penalty/ fine imposed	Brief particulars regarding the penalty imposed	Remarks – (paid/payable) and reasons thereof
			been waived off vide an order of the CESTAT dated February 14, 2008. For further details please refer to the excise and customs case appearing at Part I C above.

The past cases in which penalties have been imposed on us in the last five years are as follows:

Sr. No.	Amount of Penalty / Fine Imposed (Rs.)	Brief Particulars Regarding the Penalty imposed	Remarks – (Paid / Payable) And Reasons Thereof
1.	30,000	Fine imposed on Ciemme Jewels Ltd. By the Commissioner of Customs	Paid
2.	15,000	Penalty imposed on Ciemme Jewels Ltd. by the Commissioner of Customs	Paid
3.	50,000	Penalty imposed on Ciemme Jewels Ltd. by the Excise Department	Paid

4. Any decrease in supply from primary sources suppliers like The DTC, ALROSA Company Limited may have an adverse impact on our business.

Currently, the Group sources a significant percentage of rough diamonds from the DTC through our Company which is a Sightholder. C. Mahendra BVBA, our wholly-owned subsidiary, also sources rough diamonds from other primary sources suppliers directly like ALROSA Company Limited. In Fiscal 2008, Fiscal 2009 and for the period ended September 30, 2009, rough diamonds sourced from these primary source suppliers constituted approximately 33.43%, 41.57% and 18.71% respectively of the total rough diamond procured. The remaining rough diamond requirement was sourced through secondary market purchases.

These primary source suppliers, at any point of time, may reduce supply of rough diamonds to us or may stop it completely for reasons beyond our control. In that eventuality, we cannot assure you that we will be able to procure rough diamond from secondary sources at a competitive rate, of desired quality and quantity or at all. This could lower our revenues, reduce our profit margins, delay our expansion plans and thus adversely impact our results of operations.

5. Our Sightholder status was temporarily suspended by The DTC.

In January 2008, The DTC temporarily suspended our Sightholder status for a period of 14 days.

We have addressed the concern of The DTC and restored our Sightholder status. However, in order to retain our status as a Sightholder, we are required to comply with BPP on a continuous basis, failing which The DTC may terminate our supply contract.

6. We face risk on account of exchange rate fluctuations.

The exchange rate between Rupee and US Dollar has been volatile substantially in recent times. During Fiscal 2009, the value of Rupee against US Dollar appreciated by approximately 27.47% and for the period ended September 2009 the value of Rupee against US Dollar depreciated by approximately 5.71%. (Source: www.rbi.org.in)

A substantial portion of our Company's expenditure and earnings were incurred in foreign currency. Further, we expect that a substantial portion of our revenue and expenditure will continue to be denominated in US Dollar. Hence, any fluctuation in the exchange rate would have a material impact on our Company's profitability. Further, dividend payments by our Subsidiaries to our Company will be subject to foreign currency fluctuations.

Altough we undertake hedging stratergies to mitigate the foreign exchange risks, these strategies does not completely eliminate our exposure to foreign exchange rate fluctuations and may involve costs and risks of their own, such as on going management time and expertise, delay in receivables, contract cancellations, external costs to implement the strategies and potential accounting implications.

7. Any significant increase in price of rough diamonds and other raw materials could adversely impact our profit margins.

Rough diamond procurement cost constituted 86.69%, 89.02% and 88.66% of our total cost of production in Fiscal 2008, Fiscal 2009 and period ended September 30, 2009, respectively. Global shortage in supply of rough diamonds from primary source suppliers and the resultant demand supply gap could lead to increase in the prices of rough diamonds. Any increase in cost of rough diamonds could significantly increase our cost of production. If we are unable to increase our product prices to offset the increase in raw material costs, it could reduce our profitability margins and adversely affect our results of operations.

8. We face significant competition from other players in the industry.

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

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

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

9. Our products face stiff competition from other luxury products.

Our products face stiff competition from other jewellery options available like gold jewellery, platinum jewellery, coloured stones and from other luxury items including electronic gadgets, high-end watches, luxury phones, automobiles, etc. Change in consumer preferences, in favour of other luxury products, may lead to reduction in demand for our products, reduce our market share and adversely affect our business and results of operations.

10. Diamonds are essentially luxury products. We depend heavily on "near-luxury" markets like USA, Hong Kong, etc. An economic slowdown, recession or other downturns in these markets may significantly affect our business.

Diamonds like other luxury items are aspirational products and directly correlate with the purchasing power of our end-consumers. In boom times, demand for luxury products tends to grow and slowdowns cause sales to retreat rapidly. Some of the key markets for cut and polished diamonds are USA, Hong Kong, Middle East and Belgium which constituted around 87.75% and 83.68% of our export sales of CPD in Fiscal 2009 and period ended September 30, 2009 respectively. Any economic slowdown or recession in these markets especially the imminent slowdown in USA could curtain spending power of our consumers and reduce demand for our products. We may have to look for alternative markets for our products and face pricing pressures. In alternative markets, we may have to compete with existing players which could involve substantial marketing expenditure. These factors could have an adverse impact on our business, financial conditions and results of operations.

11. We face stiff competition from other diamond processing markets.

Although India derives dominance in the world's cut and polished diamond market, we face stiff competition from other low cost diamond processors like China. Availability of cheap labour and superior technology is increasing making China and other low cost diamond processing markets a favourable destination for processing of rough diamonds. Availability of cheaper diamond processing markets could expose us to price risks, reduce our market share and adversely affect our results of operations.

Countries like Africa, Botswana are developing as diamond processing centres, with increasing pressure from regional governments on diamond producers to bring more of the diamond industry to the source. While cost-effectiveness of these high labour countries remains a doubt, we could face stiff competition from these emerging markets as well.

12. There are certain qualifications in the restated financial statements of our Company and our Group which have not been provided for in the restated standalone financial statements and restated consolidated financial information.

Qualifications in Standalone restated financial information of C. Mahendra Exports Limited:

No adjustment has been made in the restated financial information to remove qualification in auditors' report with regards to Accounting Standard (AS)-2 "Valuation of Inventories" for the period / year ended 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009.

Qualifications in Consolidated restated financial statements of C. Mahendra Exports Limited:

No adjustment has been made in the restated consolidated financial information to remove qualifications in auditor's report and change in accounting policy required to comply with Accounting Standard (AS)-2 "Valuation of Inventories" for the financial year/period ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009.

No adjustment has been made in the restated consolidated financial information to comply with Accounting Standard (AS)-10 "Fixed Assets" and Accounting Standard (AS)-6 "Depreciation" for the financial year/period ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009, in case of Ciemme Jewels Ltd., a subsidiary company.

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

Our industry is a labour intensive industry. As of January 31, 2010, there were 1,303 employees in our Group. Therefore, any labour disruptions may have an adverse impact on our business.

Further, our manufacturing facilities are subject to operational risks including machinery breakdown, failure of power supply, industrial accidents, thefts, disruption in supply of rough diamonds, natural disasters, etc. The occurrence of these events could significantly affect our productivity, result in high operational costs and have an adverse effect on our results of operations.

Our diamond processing facilities are geographically located in one area. Any localised unrest, political disturbances or natural calamities in this area could disrupt our operations and adversely affect our results of operations.

Our diamond processing facilities are located in Surat. Around 35.29%, 24.83% and 19.55% of our standalone revenues in Fiscal 2008, Fiscal 2009 and for the period ended September 30, 2009 respectively was dependent on the operations in Surat. Further, we are proposing to set up a new diamond processing facility at Gujarat Hira Bourse, SEZ, Ichchhapore, Surat.

Any localized labour disruption, natural disaster or political disturbance in and around Surat could disrupt our operations. We may or may not be able to adequate control these factors or take adequate insurance against these factors. Any disruption or damage to our facilities could have material adverse effect on our business, financial conditions and results of operations.

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

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

15. Any kind of negative publicity or misuse of our brand name and corporate logo could hamper our brand building efforts and our future growth strategy could be adversely affected.

We believe that our future growth and competitiveness would depend on our ability to establish and strengthen our brand. We intend to utilise Rs.200 million out of the Net Proceeds for brand building. While during Fiscal 2008 only 43.90% and during Fiscal 2009 only 43.27% of our revenue from diamond jewellery business was attributed to our flagship brand "Ciemme"; we expect this share to increase in future.

Further, we may not be able to identify any unauthorized use of our brands or our name or any kind of misrepresentation of being associated with our Company or our Group. Even if we are able to identify such misuse, we may not be able take adequate or appropriate steps to protect them. Any such unauthorised use/misrepresentation could damage our reputation and hamper our brand building efforts.

16. We may be unable to adequately protect our intellectual property rights since some of our trademarks are not registered under the Trade Marks Act, 1999. We have applied for the registration of the same, with the Trade Marks Registry, Mumbai. Further, our registered trademarks continue to stand in the name of the erstwhile partnership firm.

We have been using the trademark "C. Mahendra Exports Ltd.", "CM Group since 1974 (logo with word mark)" and "Ciemme (with crown)" since inception and rely on various trademarks that we use in our products, in respect of all our business operations. Since we are contemplating to further develop our brand image, any failure to obtain registration or any delay in seeking registration or any opposition to these trademark applications, pending such registration, may impair the statutory protection available to us under the Trademarks Act, 1999 for use of trademark and this may have an adverse impact on our business. If we are unable to sufficiently protect our intellectual property, our competitors may produce and sell products under trademarks/labels similar to our trademarks/labels, which may adversely affect the equity of our trademarks.

Further, the trademarks which we are currently using for our business. stand in the name of C.Mahendra Exports (now C. Mahendra Exports Limited) or is registered in the name of our Subsidiary, Ciemme Jewels Private Limited (now Ciemme Jewels Limited). We have not applied for any assignment of these trademarks in favour of our Company. Any refusal, by any statutory authority or otherwise to take cognizance of the change in name of the trademark owner may adversely affect the business of our Company.

17. We rely on third party for processing of diamonds given on job work basis.

We are dependant upon the job workers for a part of our CPD production. In Fiscal 2008, Fiscal 2009 and for the period ended September 30, 2009, 37.81%, 42.13% and 27.02% of diamonds were processed on a job work basis respectively. In case we fail to find sufficient number of job workers, our results of operations may suffer.

Further, we may not always be in a position to ensure that the job workers maintain our quality standards and as a result, our market reputation may suffer.

18. Our inability to attract or retain skilled and experienced employees can adversely affect our operations.

Our inherent strength lies in our key employees and skilled manpower. Attrition rate in fairly high in our industry and with new jewellery facilities being set up in and around Surat, we could face high attrition rates in future or may have to incur high employee cost to retain skilled employees. Our key business challenges lies in our ability to attract, recruit and retain skilled and experienced personnel. The loss of skilled and experienced personnel or any inability to manage the attrition levels in different employee categories may materially affect our operations and profitability.

19. Our insurance may not be adequate to protect us against all potential losses.

We have standard fire and jewellers' block insurance policy, which provides insurance cover against loss or damage by fire, explosion, lightning, riot and strikes, malicious damage, terrorism, burglary, theft, robbery and hold up risks, which we believe is in accordance with customary industry practices. Our policies also insure against loss or damage suffered during transit of our stock and stock in trade except cash and currency notes under certain circumstances. Although we attempt to limit and mitigate our liability for damages arising from negligence, errors or omissions through contractual provisions and/or insurance policies, the indemnities set forth in our contracts and/ or our insurance policies may not be enforceable in all instances or the limitations of liability may not protect us from entire liability for damages. A successful assertion of one or more large claims against us could adversely affect the results of our operations. We have not taken any insurance for protecting us from future business losses or loss of profits and in the event of such losses occurring, the operations of

our Company may be affected significantly. Further we do not maintain any key man insurance policies except for Mr. Mahendra C. Shah, Mr. Champaklal K. Mehta and Mr. Babulal V. Virvadia For further details, please refer to chapter titled "Business Overview" beginning on page 66 of the Draft Red Herring Prospectus.

20. We are substantially dependent on the operations of our Subsidiaries which are operating under different jurisdictions. Any disruption or regulatory changes in these jurisdictions could significantly impair our business operations.

We are substantially dependent on our Subsidiaries for sourcing of rough diamonds, manufacturing of diamond jewellery and for marketing of our diamonds. Since our Subsidiaries are functioning under different jurisdictions, we are subject to risks on account of any disruptions or any unfavorable change in the regulatory and operational policies in these jurisdictions. These factors could significantly impair our business operations.

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

Upon completion of the Issue, our Promoters and Promoter Group will continue to own 75.00% of our post Issue Equity Shares. As a result, our Promoters will have the ability to exercise significant influence over all matters requiring shareholders' approval, including the election of directors and approval of significant corporate transactions. Our Promoters will also be in a position to influence any shareholder action or approval requiring a majority vote, except where it is required by applicable laws to abstain from voting. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control.

22. Some of our Group Companies are engaged in diamond and diamond jewellery business and there could be a potential conflict of interest with us.

The main objects of some of our Group Companies namely CM Infojewels Private Limited, Infojewels (India) Private Limited and C. Mahendra Jewels Private Limited allow them to have same/similar business as carried out by our Group. Though these entities are either dormant or have limited business activities, in the event they decide to pursue the objects as stated in their respective memorandum of association, it may adversely affect the business interest of our Group.

23. We have limited operational history in diamond jewellery business and our failure to successfully implement and integrate diamond jewellery business with rough and CPD businesses could adversely affect our results of operations.

Currently the diamond jewellery manufacturing facility of our Subsidiary, Ciemme Jewels Limited is located at MIDC, Andheri. Diamond jewellery business contributed 4.03% of our consolidated revenue in Fiscal 2009 and 3.29% for the period ended September 2009. Going forward, we intend to focus more on diamond jewellery business. Accordingly, we plan to deploy Rs. 736.98 million, out of the Net Proceeds, in aggregate towards the expansion of our diamond jewellery business by setting up a new diamond jewellery manufacturing unit in Mumbai, opening up retail stores and strengthening the 'Ciemme' brand. For further details please refer to the chapter titled *"Objects of the Issue"* beginning on page 37 of the Draft Red Herring Prospectus.

Since, we have limited operational history in diamond jewellery business; we may not be able to successfully integrate our diamond jewellery business with our existing rough diamonds and CPD business. In that eventuality, our results of operations could be adversely affected.

24. We have to renew or maintain statutory and regulatory permits and licenses as required to operate our existing and proposed facilities. Any delay or inability to obtain the same may have an adverse impact on our business.

We require certain statutory and regulatory permits, licenses and approvals to operate our existing and proposed facilities. Some of these approvals are granted for fixed period of time and need renewal from time to time. We are required to renew such permits, licenses and approvals. There can be no assurance that the relevant authorities will issue any of such permits or approvals in time or at all. Failure by us to renew, maintain or obtain the required permits or approvals in time may result in the interruption of our operations and may have a material adverse effect on our business.

Further, any delay in or non-receipt of approvals for our new facility may force us to find a new location for the new facility, impact the project cost and implementation schedule, which in turn, may adversely impact our future growth of business and results of operations.

For further details on pending approvals and applications made, please refer to "Government/Statutory and Business Approvals" on page 226 of the Draft Red Herring Prospectus.

Our business and future results of operations may be adversely affected if we are unable to implement our expansion strategy effectively.

25. We have applied for approvals / permissions which are pending approval. Further we will be applying for certain approvals with respect to the Objects of the Issue.

Following applications have been made by our Company which is pending approval / renewal:

(a) Application under Section 314(1B) of the Companies Act dated May 29, 2008 for payment of remuneration to Mr. Pravin C. Shah as President (Production)
(b) Application under Section 314(1B) of the Companies Act dated May 29, 2008 for payment of remuneration to Mr. Pravin K. Mehta as President (Administration).
(c) Application dated March 11, 2010 made to the Development Commissioner, Kandla SEZ for renewal of the Letter of Permission issued under 100% Export Oriented Scheme (EOs) for the manufacture of cut and polished diamonds bearing no. KFTZ/100%EOU/II/673/99/11083 dated March 16, 2000 issued by Development Commissioner, Kandla Free Trade Zone, Gandhidham, Kachchha in respect of our unit situated at Plot no. 37, Near Umiya Mata temple, A.K.road, Varachha, Surat, Gujarat.
(d) Application for renewal of License to use lift nos. G/22/2498/10619/05 and G/22/2498/10618/05 to the Chief Inspector of Lifts and Escalators, Gandhinagar at plot no 37. near Umiyamata temple, A.K.Road, Varachha, Surat, Gujarat

We will be making following applications in relation to Objects of the Issue:

(a) Application to be made to Factory Chief Inspector, Surat for license to run/ operate a Factory under Factories Act, 1948.
(b) Submission of IEM for SIA Registration.
(c) Application to be made for Central Excise registration under Rule 9 of the Central Excise Rules, 2002.
(d) Application to be made to Gujarat Electricity Board for power requirement

26. Our expansion initiatives include setting up of a diamond processing facility at the Special Economic Zone at Gujarat Hira Bourse, SEZ, Ichchhapore, Surat, a diamond jewellery manufacturing facility in Mumbai, establishing "Ciemme" brand and increasing our retail presence.

Implementation of these expansion plans may pose significant challenges to our administrative, financial and operational resources and may involve uncertainties and risks which we may not be able to address adequately. We cannot assure that we will be able to achieve the desired production levels or achieve desired returns on our investments. Further, we may not be able to obtain suitable outlets on favorable terms or hire qualified personnel or successfully integrate the new outlets with our existing marketing set-up. These factors may adversely affect our future growth strategy and results of operations.

27. Income tax and other tax exemptions may not be available in future and will affect our post-tax profits.

Currently our operations in Surat are subject to tax exemption U/s. 10B of the Income Tax Act, 1961 until Assessment Year 2009-2010. When our tax benefit expire or terminate, our tax expense could materially increase, reducing our profitability. Further our proposed diamond processing facility in Gujarat Hira Bourse, SEZ, Ichchhapore, Surat will be subject to exemption U/S.10AA on receipt of necessary approvals. Further the profits and gains derived from our wind mills are also eligible for deduction under section 80-IA of the Income Tax Act, 1961.

There can be no assurance that these tax benefits will be available to us in future. Changes in tax laws could impact the determination of our tax liabilities and have a material and adverse effect on our post-tax profits.

28. We have significant working capital requirements.

Our business is working capital intensive. Our working capital requirements are also affected by the significant credit lines that we typically extend to our customers in line with industry practice. Under our existing shop-to-shop set-up, inventory costs lie in our books till the actual sales are effected to the end consumer.

Historically, we have met our working capital requirements through bank borrowings and/or infusion of partners' capital/equity capital. However, we cannot assure you that, going forward, we will be able to arrange funds at a competitive rate required to meet our working capital requirements. In such an eventuality, our business, financial condition and results of operations may be adversely affected.

29. We have availed interest free unsecured loans from our Directors, shareholders and erstwhile partners, which does not have any fixed repayment schedule.

As on September 30, 2009, we had availed interest free unsecured loan aggregating Rs. 2,351.40 million from our Directors, shareholders and erstwhile partners. The said loans do not have any fixed repayment schedule and may be recalled at any point in time. We cannot assure that in case of such a recall, we will be able to replenish the existing unsecured loan on a similar terms and conditions or at all, which in turn may have an adverse impact on our results of operations.

30. Our Group has negative cash flows from operations.

We had negative cash flows from operations during the previous years, as per details stated below:

(Rs. in million)

Particulars	For the period ended September 30, 2009	For the year ended March 31				
		2009	2008	2007	2006	2005
Net cash generated from operating activities	840.05	(500.22)	(885.44)	609.21	(1,988.35)	(1,850.56)
Net cash used in investing activities	(6.73)	(7.64)	(99.14)	(84.82)	(749.31)	(223.69)
Net cash from/(used in) Financing activities	(812.80)	435.49	1,065.75	(594.38)	2,855.09	2,048.73
Net increase/(decrease) in cash and cash equivalents	20.52	(72.37)	81.17	(69.99)	117.43	(25.52)

This trend if continues, will require us to raise finance from outside, which we may not be able to raise at an economic rate or at all.

31. We have Contingent Liabilities, which may affect our financial conditions.

As on September 30, 2009, the contingent liability, as per our restated consolidated financial statements, is as under:

(Rs. in million)

Particulars	As at September 30, 2009
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	13.22
Bank guarantee to the President of India (Custom authorities).	0.05
Bond executed in favour of President of India (Custom authorities) for imports under EPCG scheme.	0.14
Bond executed in favour of The President of India towards provisional release of seized goods.	30.62
Bond executed in favour of The President of India towards manufacture of goods for exports.	10.00

Particulars	As at September 30, 2009
Bond executed in favour of Octroi authorities.	0.03
Disputed income tax liabilities.	0.45
Disputed custom duty liabilities	11.00
Disputed service tax liabilities	0.24
TOTAL	**65.75**

32. There are certain restrictive covenants in the agreements which we have entered into with our lending banks for our credit facilities.

As on September 30, 2009, our Company had total secured loans amounting to Rs. 8,383.72 million. Our financing agreements require us to obtain specific consent from lending banks to effect any change in capital structure, formulate any scheme of amalgamation or reconstruction, invest in our subsidiaries, make changes in our Memorandum or Articles of Association, increase our manufacturing facilities or make any significant change in our management structure. Further as per our lending agreements, our erstwhile Partners are required to retain their capital in our Company in form of unsecured loan/equity capital.

Any failure to comply with these requirements or other conditions or covenants under our financing agreements that is not waived by our lenders or is not otherwise cured by us, may require us to repay the borrowing in whole or part and may include other related costs. Our Company may be forced to sell some or all of its assets or limit our operations. This may adversely affect our ability to conduct our business and impair our future growth plans. For further details on restrictive covenants, please refer to "Financial Indebtedness" on page 209 of the Draft Red Herring Prospectus.

33. Some of our Subsidiaries have incurred losses in last three years.

Some of our Subsidiaries have incurred losses during any of the last three years as set forth in the tables below:

(Rs. in million)

Subsidiary	For the six months period ended September 30, 2009	For the year ended March 31,		
		2009	2008	2007
C. Mahendra International Limited	(8.52)	5.66	(11.14)	56.68
C. Mahendra BVBA, Antwerp	4.21	9.29	7.86	(1.41)
CIEMME (LA) INC	0.34	(0.25)	0.18	0.41
C. Mahendra Exports (H.K.) Limited	(3.92)	(21.96)	6.83	5.49
C.MAHENDRA USA INC	(42.03)	(24.99)	3.96	1.78
Ciemme (NY) LLC	(14.93)	(24.87)	4.24	(1.92)
C. Mahendra (NY) LLC	(54.44)	0.58	2.58	5.94

If any of the aforesaid Subsidiaries and/or other Subsidiaries incur loss in future, our consolidated financial performance will be adversely impacted. For details please refer to "Our Subsidiaries" beginning on page 90 of the Draft Red Herring Prospectus.

34. Our Company has incurred a loss (after tax and before minority interest) of Rs. 41.80 million as per the restated consolidated financials for the period ended September 30, 2009.

Our Company on a consolidated basis had incurred a loss (after tax and before minority interest) of Rs. 41.80 million in the period ended September 30, 2009.

35. Some of our Group Companies have incurred losses in last three years.

Some of our Group Companies has incurred losses during any of the last three years as set forth in the tables below:

(Rs. in million)

Group Companies	For the year ended March 31,		
	2009	2008	2007
KPM Reality Private Limited	(0.38)	(0.33)	(0.20)
CM Infojewels Private Limited	(0.008)	(0.007)	(0.006)
Infojewels (India) Private Limit	(0.007)	(0.007)	(0.006)
C. Mahendra Capital Private Limited	(16.11)	(7.61)	0.37
C. Mahendra Jewels Private Limited	(3.77)	(2.03)	4.60

For details please refer to "Group Companies" beginning on page 186 of the Draft Red Herring Prospectus.

36. Some of our freehold and leasehold properties have certain irregularities which could disrupt our operations or expose us to legal disputes.

Some of the immovable properties of our Company still stand in the name of the erstwhile partnership firm. The title deeds to some of our freehold properties and lease deeds / leave and license agreements with respect to our leasehold properties have certain irregularities such as non-registration, non stamping or inadequate stamping, non renewal of expired deeds and non-execution of final agreements. Pending completion and execution of final agreements or legal validation thereof, or if the licensor / lessor of the leasehold properties do not renew the deeds under which we continue to occupy the properties or renew the deeds on terms and conditions unfavourable to our Company, we may be unable to perfect our title in respect of such immovable properties, which may impede the transfer of title / rights and expose us to legal disputes leading to disruption in our business activities.

37. Our administrative office premises situated at Kadampalli is in the name of our Promoters and some of their relatives and we have not entered into any formal agreement for the same.

The administrative office premises situated at Kadampalli, from where we operate our business stands in the name of our Promoters and some of their relatives. Our Company has not entered into any formal agreement or document in respect of the premises. Further as on date our Company is permitted to occupy and use these premises, without any consideration. As a result if for any reason we are unable to continue operating from this unit, we may be required to look for alternative premises, which may in turn have an adverse effect on our operations. For further details on the same please refer to paragraph titled *"Properties"* beginning on page 78 of the Draft Red Herring Prospectus.

38. We operate our business from leased premises which can be terminated for cause by the lessor.

Our production facility at Varachha, Surat has been taken on lease from our Group Companies, Ashesha Trading Private Limited, Polo Developers Private Limited and Allright Trading Private Limited. We cannot assure you that we will be able to renew the lease agreement at similar terms or at all which may adversely impact our result of operations and financial conditions.

39. We have entered into a number of related party transactions, which may involve conflict of interest.

We have entered into a number of related party transactions. Such transactions or any future transactions with related parties may potentially involve conflicts of interest and impose certain liabilities on our Company. The aggregate value of related party transactions for the period ended September 30, 2009 amounts to Rs. 2,804.32 million. For further details, refer statement of related party transactions in *"Annexure – XII"* beginning on page 121 under the section *"Financial Statements"* of the Draft Red Herring Prospectus.

40. ***We have issued 12.5 million 6% redeemable Preference Shares of Rs. 10/- each, at a premium of Rs. 90/- in cash to the promoters, directors and other shareholders of the Company.***

Our Company has issued 12.5 million 6% redeemable Preference Shares of Rs. 10/- each, at a premium of Rs. 90/- in cash to the promoters, directors and other shareholders of the Company on in order to partly convert an amount of Rs. 1,250 million, which the Directors / other Shareholders of the Company namely Mr Mahendra C. Shah, Mr. Champaklal K. Mehta, Mr. Pravin C. Shah, Mr. Pravin K. Mehta, Mr. Sandeep M. Shah, Mr. Prakash K. Mehta, Mr. Kanu C. Shah, Mr. Suresh K. Mehta, Mr. Paras C. Mehta, Mr. Samir P. Shah, Mr. Suken P. Shah and Mr. Kevin P. Mehta, had extended to the Company as unsecured loans. The said preference shares carry a dividend of 6% per annum. Further the Company is entitled to redeem the said

Preference Shares out of it's profit by 3 equal installments commencing from 7th, 8th and 9th year from the date of issue. The redemption of the said Preference Shares may be effected in such manner as the Directors may think fit and in accordance with the provisions of the Articles of Association of the Company. Any adverse decision for the redemption of the said Preference Shares may have a material adverse effect on our business.

41. Any future issuance of Equity Shares by us or sale of our Equity Shares by our Promoters may impact the market price of our Equity Shares.

Any further issuance of substantial amounts of our Equity Shares by us or sale of our Equity Shares by our Promoters may affect the market price of our Equity Shares and could impact our ability to raise capital through an offering of our securities. In addition any perception by investors that such issuances or sales might occur could also affect the market price of our Equity Shares.

Risk Related to Objects of the Issue

42. Our expansion plans are subject to the risk of cost and time overruns.

Our plans for expansion as referred to in the section titled "Objects of the Issue" beginning on page 37 of the Draft Red Herring Prospectus, contains costs and implementation schedules. We intend to utilize the net proceeds of the Issue to finance setting up of a diamond processing unit at Gujarat, Hira Bourse, SEZ, Ichchhapore, Surat, finance setting up a jewellery manufacturing unit at Mumbai, finance setting up retail outlets, finance brand development expenses, etc., for which we are yet to identify land for our proposed jewellery manufacturing unit, machinery etc. Our expansion plans are subject to a number of contingencies, including changes in laws and regulations, government action, delays in obtaining approvals, delays in getting requisite land, inability to obtain machinery and other supplies at quoted or at acceptable terms, accidents, natural calamities, terrorist activity and other factors, many of which may be beyond our control. We, therefore, cannot assure you that the costs incurred or time taken for implementation of these plans will not vary from our estimated parameters. Further, we may not be able to successfully execute the objects within the scheduled timelines and budgeted costs or may not be able to garner requisite market share or any market share at all. In the event that we are not able to successfully execute, it may adversely affect our business, results of operations and financial condition.

For details, please refer to chapter titled "Objects of the Issue" beginning on page 37 of the Draft Red Herring Prospectus.

43. The Objects of the Issue for which funds are being raised have not been appraised by any bank or financial institution. The deployment of funds in the project is entirely at our discretion, based on the parameters as mention in the section titled "Objects of the Issue" and is not subject to monitoring by any independent agency.

The fund requirement and deployment, as mentioned in the "Objects of the Issue" on page 37 of the Draft Red Herring Prospectus, is based on quotations received by us and internal management estimates and has not been appraised by any bank or financial institution. The fund requirement is based on our current business plan. We cannot assure that the current business plan will be implemented in its entirety in the timeline envisaged by us. In view of the highly competitive and dynamic nature of the industry in which we operate, we may have to revise our business plan from time to time and consequently our fund requirement. The deployment of the funds towards the objects of the Issue is entirely at the discretion of our Board of Directors and is not subject to monitoring by external independent agency. However, the deployment of funds is subject to monitoring by our audit committee.

Further, we cannot assure that the actual costs or schedule of implementation of the proposed manufacturing facility will not vary from the estimated costs or schedule of implementation, and such variance may be on account of one or more factors, some of which may be beyond our control.

44. We have not entered into any definitive agreement or placed orders for the factory premises, plant and machinery, equipment etc. required for our proposed diamond processing unit and jewellery manufacturing facility.

For the proposed diamond cutting and polishing unit in Gujarat Hira Bourse, SEZ, Ichchhapore, Surat and the proposed jewellery manufacturing unit in Mumbai, we have obtained quotations from various vendors for the factory premises, plant and machinery, equipment etc. and for minor components relied on management estimates. Our Company is yet to place orders for plant & machinery aggregating to Rs. 185.25 million or

100% of the plant & machinery to be financed from the Net Proceeds. At the time of placing the orders, due to exchange rate fluctuation or otherwise, the actual cost may vary from the quotations or the management estimates. As a result, the total fund requirements may increase which in turn may impact the total project cost, financial condition, results of operation and liquidity position adversely.

As per our current plan, for setting up of our diamond processing unit and a jewellery production facility, we intend to import machineries worth Rs. 135.74 million. Though we have obtained quotations from various vendors for the said imported machinery and equipment in different currencies, we have not yet entered into any definitive agreements or placed orders for the same. As a result, if the FOB values of the said imported machinery and equipment in Rupee terms, increase on account of either escalation of base price in USD/other currency(s) terms or depreciation of value of Rupee vis-à-vis that of USD/other currency(s), the total fund required for importing the said machinery and equipment may increase which in turn may impact the total project cost, financial condition, results of operation and liquidity position adversely.

45. Setting up of new facility and commencement of operation of the same are contingent upon obtaining of certain approvals by us.

We require certain approvals for setting up our proposed diamond cutting and polishing unit in Gujarat Hira Bourse, SEZ, Ichchhapore, Surat and the proposed jewellery manufacturing unit in Mumbai. On setting up these facilities, we will also be required to obtain certain other approvals to commence our operations.

Delay in or non-receipt of the said approvals may force us to find a new location for the new facility, impact the project cost and implementation schedule, which in turn, may adversely impact our future growth of business and results of operations.

46. We are yet to identify land for setting up the new diamond jewellery manufacturing facility.

We intend to use Rs. 236.36 million of the Net Proceeds to set up new diamond jewellery manufacturing facility. However, we are yet to identify any land for the same. Therefore we cannot assure you that we will be able to acquire the land at the estimated cost, in desired location and as per the proposed schedule. This can have an adverse impact on the overall project cost and profitability of the new plant.

EXTERNAL RISK FACTORS

47. We are subject to international market and regulatory risks.

Developments in the international diamonds and jewellery markets could have an impact on our export sales. From time to time, tariffs, quotas and other tariff and non-tariff trade barriers may be imposed on our products in jurisdictions in which we operate and/or seek to sell our products. There can be no assurance that United States or any other jurisdiction in which we seek to sell our products will not impose trade restrictions in the future. Further, changes in the laws of major diamond mining countries like South Africa on export of rough diamonds and local benefits in terms of promoting processing of rough diamonds locally, may restrict supply of rough diamond into India, increase the cost of imported rough diamonds and increase competition.

Any such imposition of trade barriers or change in laws may have a material adverse effect on our financial condition and results of operations.

48. Terrorist attacks and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.

Regional or international hostilities, terrorist attacks or other acts of violence or war could have a significant adverse impact on international or Indian financial markets or economic conditions or on Government policy. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and on the market price of our equity shares.

49. Political, economic and social developments in India and other markets in which we operate could adversely affect our business.

Our operations and financial results and the market price and liquidity of our equity shares may be affected by changes in Indian Government policy or taxation or social, ethnic, political, economic or other developments in or affecting India. Since achieving independence in 1947, India has had a mixed economy with a large public sector and an extensively regulated private sector. Since 1991, the Government has significantly relaxed most

of these restrictions. India has also witnessed civil disturbances in recent years. While these civil disturbances did not directly affect our operations, it is possible that future civil unrest as well as other adverse social, economic and political events in India could have an adverse impact on us.

50. There has been no public market for the Equity Shares prior to this Issue so the Issue Price may not be indicative of the value of the Equity Shares.

Prior to this Issue, there has been no public market for the Equity Shares in India or elsewhere. The Issue Price will be determined by our Company in consultation with the BRLMs and could differ significantly from the price at which the Equity Shares will trade subsequent to completion of this Issue. We cannot assure you that even after the Equity Shares have been approved for listing on the Stock Exchanges, any active trading market for the Equity Shares will develop or be sustained after this Issue, or that the offering price will correspond to the price at which the Equity Shares will trade in the Indian public market subsequent to this Issue.

51. After this Issue, the price of our Equity Shares may be volatile, or an active trading market for our Equity Shares may not sustain.

The prices of our Equity Shares may fluctuate after this Issue due to a wide variety of factors, including:

- Volatility in the Indian and global securities markets;
- Our operational performance, financial results and capacity expansion;
- Developments in India's economic liberalization and deregulation policies, particularly in the construction equipment, defence-related equipment and railway products sectors; and
- Changes in India's laws and regulations impacting our business.

Notes to Risk Factors:

- Originally formed as a partnership firm under the name and style of 'M/s. C. Mahendra Exports'. Subsequently converted into a private limited company with the name 'C. Mahendra Exports Private Limited' on January 4, 2007 under Part IX of the Companies Act, 1956. Our Company became a public limited company and our name was changed to 'C. Mahendra Exports Limited' vide a fresh certificate of incorporation dated March 14, 2007.

- Public Issue of 15,000,000 Equity Shares for cash at a price of Rs. [●] per Equity Share including a share premium of Rs. [●] per Equity Share aggregating Rs. [●] Million (the "Issue") by C. Mahendra Exports Limited ("Company"/ "Issuer"). The Issue would constitute 25.00% of the post Issue paid-up equity capital of our Company.

- The Issue is being made under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and through the Book Building Process wherein at least 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), of which 5% shall be available for Allocation on a proportionate basis to Mutual Funds only and the remaining QIB Portion shall be available for allocation to the QIB Bidders including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders and not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders, subject to valid Bids being received at or above the Issue Price.

- The net worth of our Company was Rs. 2,102.40 million and Rs. 2,026.98 million as on September 30, 2009 and as on March 31, 2009 respectively as per our restated standalone financial statements and Rs. 2,486.56 million Rs. 2,470.95 million as per our restated consolidated financial statements as on September 30, 2009 and as on March 31, 2009 respectively.

- Based on our restated standalone financial statements included in the Draft Red Herring Prospectus, our net asset value per Equity Share was Rs. 70.08 and Rs. 67.57 as on September 30, 2009 and as on March 31, 2009. Based on our restated consolidated financial statements included in the Draft Red Herring Prospectus, our net asset value per Equity Share was Rs. 82.89 and Rs. 82.37 as on September 30, 2009 and as on March 31, 2009 respectively.

- The average cost of acquisition per Equity Share for our Promoters as on the date of the Draft Red Herring Prospectus is as follows:

Name of Promoter	Cost per Equity Share (in Rs.)
Mr. Mahendra C. Shah	27.78
Mr. Champaklal K. Mehta	27.78
Mr. Sandeep M. Shah	27.78
Mr. Pravin K. Mehta	27.78
Mr. Pravin C. Shah	27.78

- We have entered into related party transactions amounting to Rs. 2,415.98 millions as on period ended September 30, 2009. For details on related party transactions and loans and advances made to any company in which our Directors are interested, please refer to "Statement of Restated Related Party Transactions" on page 142 of the Draft Red Herring Prospectus.

- Other than as stated in "Capital Structure", our Company has not capitalized its reserves since inception.

- Our Company revalued its fixed assets as on April 01, 2006. For details please refer to heading titled *"Adjustment to revalued fixed assets"* on page 121 of the Draft Red Herring Prospectus.

- In the Issue, in case of over-subscription in all categories, atleast 50% of the Issue shall be Allotted on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation to Mutual Funds only and the remaining QIB Portion shall be available for Allotment to the QIB Bidders 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 Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

- Under-subscription, if any, in Non Institutional Portion and Retail Portion shall be allowed to be met with spillover from the other categories, at the sole discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange. Allocation in all the aforesaid categories shall be on a proportionate basis. For more details, please refer to "Issue Procedure" on page 245 of the Draft Red Herring Prospectus.

- For details of interest of our Promoter, Group Companies, Directors and key managerial personnel, please refer to "Statement of Restated Related Party Transactions", "Our Promoters-Interest of our Promoters, Group Companies, Directors and Key Managerial Personnel" on page 142 and 114 respectively of the Draft Red Herring Prospectus.

- Trading in Equity Shares of our Company for all investors shall be in dematerialised form only.

- Investors are advised to refer to "Basis for Issue Price" on page 46 of the Draft Red Herring Prospectus.

- Any clarification or information relating to the Issue shall be made available by the BRLMs and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. For any clarification or information relating to the Issue, investors may contact the BRLMs, who will be obliged to provide such clarification or information to the investors.

- Investors may contact the BRLMs and the Syndicate Members for any complaints pertaining to the Issue.

For information on the changes of the objects clause of the Memorandum of Association of the Company, please refer to "History and Other Corporate Matters" on page 87 of the Draft Red Herring Prospectus.

SECTION III - INTRODUCTION

SUMMARY OF INDUSTRY

This is only a summary and does not contain all the information that you should consider before investing in our Equity Shares. You should read the entire Draft Red Herring Prospectus, including the information contained in the sections titled "Risk Factors" and "Financial Statements" and related notes beginning on pages xv and 121 respectively of the Draft Red Herring Prospectus before deciding to invest in our Equity Shares.

The information in this section is derived from various third party sources. Neither we nor any other person connected with the Issue have verified this information. 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 and, accordingly, investment decisions should not be based on such information. For details, see the chapter titled "Industry Overview" beginning on page 57.

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Global Economy Overview

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

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

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

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

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

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

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

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

Table 1: Economic Growth Data

Calendar Year Data	2007	2008	2009	2010
GDP Data (at constant prices) (YOY Growth %)				
World	5.1%	3.1%	-1.4%	2.5%
Advanced Economies	2.7%	0.8%	-3.8%	0.6%
Emerging and Developing Economies	8.3%	6.0%	1.5%	4.7%
United States	2.0%	1.1%	-2.6%	0.8%
Euro Area	2.7%	0.8%	-4.8%	-0.3%
Newly industrialized Asian Economies	5.7%	1.5%	-5.2%	1.4%
Russia	8.1%	5.6%	-6.5%	1.5%
China	13.0%	9.0%	7.5%	8.5%
India	9.4%	7.3%	5.4%	6.5%
ASEAN – 5*	6.3%	4.8%	-0.3%	3.7%
Brazil	5.7%	5.1%	-1.3%	2.5%
Trade Volume (goods and services) (YOY Growth %)				
World	7.2%	2.9%	-12.2%	1.0%
Import Volume (goods and services) (YOY Growth %)				
Advanced Economies	4.7%	0.4%	-13.6%	0.6%
Emerging and Developing Economies	13.8%	9.4%	-9.6%	0.8%
Export Volume (goods and services) (YOY Growth %)				
Advanced Economies	6.2%	2.0%	-15.0%	1.3%
Emerging and Developing Economies	9.5%	4.1%	-6.5%	1,4%

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

Indian Economy Overview

The subprime crisis, which emerged in the US housing mortgage market in the second half of 2007, snowballed into a global financial crisis and a global economic crisis. The global financial landscape changed significantly during the course of 2008-09 wherein several large international financial institutions either failed or were restructured, with the support of very large government interventions in many countries, to prevent imminent collapse. The significant deterioration in global financial conditions since mid-September 2008, led to severe disruptions in the short-term funding markets, widening of risk spreads, sharp fall in equity prices and inactivity in the markets for asset-backed securities.

Source: Reserve Bank of India; text available at - http://www.rbi.org.in/scripts/PublicationsView.aspx?Id=11348

Given the origin and dimension of the crisis in the advanced countries, which some have called the worst since the Great Depression; every developing country has suffered to a varying degree. No country, including India, remained immune to the global economic shock. The overall growth of the GDP at factor cost at constant prices in 2008-09, as per revised estimates released by the Central Statistical Organisation (CSO) was 6.7 per cent. This is lower than the 7 per cent projection in the Mid-Year Review 2008-09 (Economic Division, Department of Economic Affairs (DEA) and the advance estimate of 7.1 per cent, released subsequently by CSO. This represented a decline of 2.1 per cent from the average growth rate of 8.8 per cent in the previous five years (2003-04 to 2007-08). The deceleration of growth in 2008-09 was spread across almost all the sectors as indicated in Table 1

Source: Economic Survey 2007-2008; Ministry of Finance, Government of India; text available at – http://indiabudget.nic.in/es2008-09/chapt2009/chap12.pdf

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

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

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

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

For further details on the gems and jewellery industry please refer to the chapter titled *"Industry Overview"* beginning on page 57 of the Draft Red Herring Prospectus.

SUMMARY OF BUSINESS

Our Group is an integrated diamond and diamond jewellery player encompassing sourcing of rough diamonds, trading of rough and polished diamonds, processing of diamonds and manufacture of diamond jewellery. The principal activities undertaken by our Company and its Subsidiaries are outlined below:

Sourcing and trading in Rough Diamonds:	C. Mahendra Exports Limited, C. Mahendra International Limited and C. Mahendra BVBA
Cutting and polishing of diamonds:	C. Mahendra Exports Limited
Manufacture of diamond jewellery:	Ciemme Jewels Limited
Marketing and trading in cut and polished diamonds:	C. Mahendra Exports Limited, C. Mahendra International Limited, C. Mahendra Exports (HK) Ltd. Ciemme (LA) Inc., C. Mahendra (USA) Inc. through its subsidiary C. Mahendra (NY) LLC.
Marketing of Diamond Jewellery:	Ciemme Jewels Ltd. and C. Mahendra (USA) Inc. through its subsidiary Ciemme (NY) LLC.

Brief Background

The founder Promoters of Our Company, Mr. Mahendra C. Shah and Mr. Champaklal K. Mehta started their business jointly in 1974. The flagship company of our Group, C. Mahendra Exports Limited was formed in 1978 in the form of a partnership firm under the name and style of "C. Mahendra Exports", to carry on the business of manufacturing and trading of diamonds, precious stones and jewellery. C. Mahendra Exports, initially formed to undertake trading activity in diamonds and other precious stones, set up its first manufacturing facility for processing rough diamonds in Surat in 1993 with an installed capacity of 120,000 carats per annum. In 2006, C. Mahendra Exports Limited commissioned its second manufacturing unit at Varachha Road, Surat with an installed capacity of 120,000 carats per annum. C. Mahendra Exports was recognised as a DTC Sight holder in 1991 and it is one of the first Surat based entities to receive this recognition.

One of the critical success factors of our business is consistent supply of rough diamond of desired quality, at a competitive price. In order to ensure that, C. Mahendra BVBA was set up in Antwerp, the diamond market in Belgium for the sourcing of rough diamonds from various suppliers at competitive rates. Currently, a significant part of rough diamonds is procured from the DTC and other rough diamond suppliers directly and through C. Mahendra B.V.B.A.

Access to the markets for sale of polished diamonds is another critical success factor of our business. In order to achieve this objective, our group established marketing entities in Hong Kong and USA to cater to some of the major markets for cut & polished diamonds and diamond jewellery across the globe. Currently, our Group has around 8 marketing offices spread across Surat, Mumbai, Delhi, Kolkata, Hong Kong, New York, Los Angeles and Antwerp to market cut and polished diamonds and diamond jewellery. Our Group also does some procurement of polished diamonds through those offices.

Currently, our Company has two facilities for cutting and polishing of diamonds at Varachha and Udhana in Surat. Further, Ciemme Jewels Limited owns a jewellery manufacturing facility in MIDC, Andheri, Mumbai.

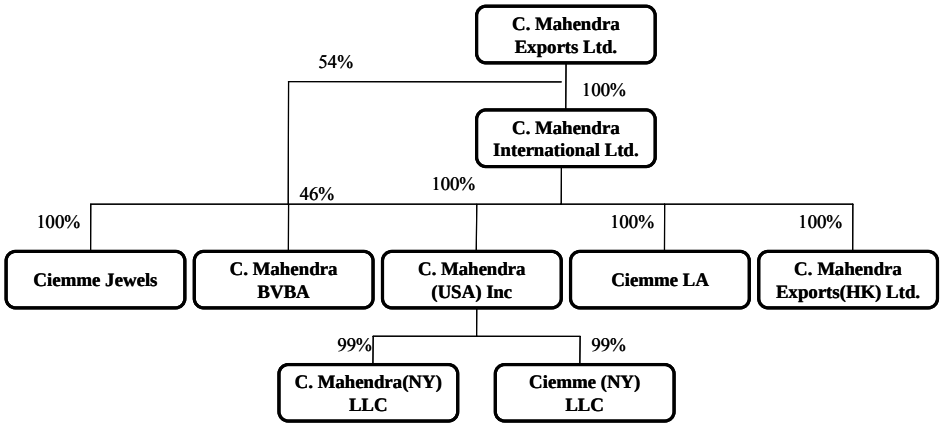
The sales and EBITDA in the fiscal year ended March 31, 2007, March 31, 2008 and March 31, 2009 as per the restated consolidated financial statements prepared in terms of the requirements of Paragraph B(1) of Part II of Schedule II of the Companies Act, 1956 ('the Act') and SEBI ICDR Regulations and included in the report dated February 3, 2010 of M/s. Suresh Surana & Associates, Chartered Accountants, as included in the Draft Red Herring Prospectus, are as under:

(Rs. in millions)

Particulars	**For the year ended**		
	2009	**2008**	**2007**
Sales and income from operations	16,035.58	17,788.52	17,160.28
EBITDA	1,609.99	1,167.57	1,461.99

Our Group Structure

Our current Group structure is as follows:



Our Competitive Strengths

One Stop Shop - An integrated diamond and diamond jewellery group in India having presence in major markets across the globe

Our Group is an integrated diamond and jewellery manufacturing group with presence across the value chain. We are able to source significant portion of rough diamonds directly from the DTC, ALROSA and other Russian, Canadian and African suppliers. Our Group's ability to source rough diamonds is consistent thereby eliminating any supply bottlenecks. The hi-tech manufacturing setup, well established worldwide sales and distribution network, elegant and exquisite designer jewellery for domestic and export jewellery market, exquisite retail outlets, shop-in-shop operations in India coupled with strong corporate brand enables us to capture inherent operational synergies and focus on maximizing margins with downstream knowledge of the market trend.

Our Group is a leading exporter of cut and polished diamonds with a proven track record

Our Group is a leading diamond and diamond jewellery manufacturing group. Our Company has been consistently recognized as Star Trading House for over a decade. Our Company has been consistently recognized for outstanding export performance. Our Company has received several outstanding export performance awards for CPD from GJEPC and was ranked fourth for Outstanding Export Performance in DTC category for the year 2007-08. For further details please refer to our chapter titled "History and Other Corporate Matters" on page 87 of the Draft Red Herring Prospectus.

Global footprint - Strong marketing and distribution network

We have marketing offices spread across Surat, Mumbai, Delhi, Kolkata, Hong Kong, New York, Los Angeles and Antwerp to market cut & polished diamonds to domestic and international markets. We believe that our multi-location operation enables us to leverage the competitive advantages of each location, enhance our competitiveness and spread our reach to international markets. We also market our cut and polished diamonds to diamond wholesalers and large jewellery manufacturers in international markets through our marketing and sales offices. For domestic sales of our cut and polished diamonds locally, we have a well-knit distribution and sales channel network.

We sell our diamond jewellery through our exclusive retail stores and franchisee store in India and shop-in-shop set-up for domestic and international markets. As on the date of filing the Draft Red Herring Prospectus, we have 8 (eight) exclusive retail stores and 1 (one) franchisee store in India. We have a dedicated team of 30 sales executives who analyze demand and customer preferences for cut & polished diamonds and diamond studded jewellery in domestic and international markets.

Promoter's Pedigree – Vast experience of over three decades with sound market knowledge

We benefit from the experience of our Promoters and the core management team. Our core strength lies in our strong pedigree and wide experience of our management team. Our founder Promoters have been

associated with us for more than three decades, which has enabled us to successfully implement our growth strategies.

We are one of the well-known names in domestic and international diamond industry and recognized as a Star Trading House. Our extensive market knowledge and vast experience helps us to monitor the market meticulously and adapt our business strategy according to the market conditions while ensuring that our clients' needs are met at all the times.

Direct Sourcing of rough diamonds from primary source suppliers

One of the critical success factors in our business is the ability to source considerable portion of the rough diamond requirement from primary source suppliers like the DTC, ALROSA Company Limited, etc. Typically, these primary source suppliers select their customers based on various criteria like financial strength, distribution reach, marketing abilities, manufacturing capacity, future development plan, BPP, etc.

Our Company, in its earlier form of a partnership firm under the name and style of "C. Mahendra Exports", is one of the first DTC Sightholders based in Surat. As per information available from "www.dtcsightholderdirectory.com", as on January 31, 2010, there are only 115 Sightholders worldwide and our Company is one of them. Further, we, either through our Company or our subsidiaries, also procure rough diamonds from leading diamond mining companies like ALROSA Company Limited, Russia and its subsidiaries; Harry Winston Diamonds International N.V. and various other companies in Russia, Canada and Africa.

These arrangements ensure consistent supply of rough diamonds at competitive rate. Further, sourcing from these primary source suppliers assure our clients about the quality of diamonds, cut and polished by us.

Large scale production capabilities with modern equipments and quality standards

Our Company has 2(two) state-of-the-art diamond cutting and polishing facilities in Udhana and Varachha at Surat. Further, our subsidiary Ciemme Jewels Limited has a diamond jewellery manufacturing facility in MIDC, Andheri. Ciemme Jewels Limited is an ISO 9001:2000 certified company. We obtain grading from reputed diamond certifying institutions like GIA (Gemological Institute of America), IGI (International Gemological Institute), HRD (Hoge Raad voor Diamant) on suo moto basis as well as on customer request. Further, diamond jewellery manufactured by our subsidiary Ciemme Jewels Limited are certified by EGL (European Gemological Laboratory) on suo moto basis as well as on customer request along with our own Quality certificate which give details of the diamond (Cut, Clarity, Color and Carat) and gold (Purity, Color and Karatage). Being a DTC Sightholder, we are also committed to the principles of BPP. We follow best industry practices and the Kimberley Process Certification Scheme.

Our Business Strategy

Going forward, we intend to implement the following strategies in order to strengthen our competitive position in the diamond industry and cater to the requirements of the customers as one stop shop for jewellery requirement:

Increasing foothold in diamond jewellery business

We are already an established player in rough diamond and CPD segment. To further strengthen our integrated business model, we intend to increase our presence in the diamond jewellery business. Accordingly, our Company plans to set up a new diamond jewellery manufacturing unit at Mumbai. We believe that our enhanced jewellery manufacturing capacity coupled with our expertise in diamond jewellery business, will enable us to increase our sales of diamond jewellery and thus improve the margin of our business.

Establishing our jewellery brand

In order to make our strategy of "Increasing foothold in diamond jewellery business" a success, it is imperative for us to create and establish a popular jewellery brand. In that direction, we have already created the brand "Ciemme" under which we are selling diamond jewellery.

Increase our customer reach

Another important factor for making our strategy of "Increasing foothold in diamond jewellery business" a success is increasing our retail customer penetration. We intend to increase our number of exclusive retail

showrooms to 28 (twenty eight) by the fiscal year 2013 from existing 8 (eight), spread across the length and breadth of the country to achieve the objective of reaching the customer.

Our Company also intends to increase its reach in international jewellery market through its overseas subsidiaries, Group Companies and through strategic tie-ups.

Increase our diamond cutting and polishing capacity

By virtue of being a DTC Sightholder, our Company enjoys consistent supply of rough diamonds of assured quality and at a competitive price. Further, our Company and its Subsidiary C. Mahendra BVBA ensure supply of rough diamonds from mining companies like ALROSA Company Limited, Russia and its subsidiaries; Harry Winston Diamonds International N.V. This sourcing ability coupled with our technical expertise developed over three decades of operations provide us opportunity for (i) scaling up our operation and to (ii) getting into cutting and polishing of high value diamonds. We have a plan to set up our diamond cutting and polishing unit at Surat to attain the aforesaid two objectives. We believe that the proposed unit will enable us to achieve higher turnover and also to improve our margins by expanding into cutting and polishing of high value diamonds.

Strengthening our rough diamond sourcing capability

We are currently sourcing around 18-20% of rough diamonds from primary source suppliers viz. DTC and ALROSA Company Limited and the balance is sourced from secondary market. As explained earlier, one of the critical success factors of our business is consistent supply of rough diamond of desired quality, at a competitive price. Though we believe that we have reasonably achieved this objective, we further intend to adopt the following two pronged approach in order to strengthen our position in this respect.

We are in discussions with various primary source suppliers other than those with whom we have existing business relationship. We believe that this initiative, if materializes, would help us to scale up our operation and to reduce our dependence on the existing Primary and secondary sources.

Our Company intends to infuse equity capital in its subsidiary C.Mahendra BVBA in order to enable it to further leverage their expertise and source diamonds directly from the diamond mining companies at the most competitive rate.

Setting up units strategically to continue availing fiscal incentives

Currently our operations in Surat are subject to tax exemption U/s. 10B of the Income Tax Act, 1961. This benefit will be available till Assessment Year 2011-2012.

Our Company intends to set up a new diamond processing facility in Gujarat Hira Bourse, SEZ, Ichchhapore, Surat which will be exempt U/s. 10AA of the Income Tax Act, 1961, subject to the receipt of the necessary approvals. Our Company has earmarked Rs. 360.57 million for setting up this new facility. For further details on proposed bsiness initiatives and fund requirements of the Company please refer to chapter titled *"Objects of the Issue"* beginning on page 37 of the Draft Red Herring Prospectus.

As per the extant policy, 100% of the export income from the SEZ facility will be exempted for the first five years, 50% for the next five years thereafter and 50% of the ploughed back export profit for the next five years. The new facility will also be entitled to some other benefits like exemption from Central Sales Tax, exemption from Minimum Alternative Tax.

For further details on our business please refer to the chapter titled *"Business Overview"* beginning on page 66 of the Draft Red Herring Prospectus.

SUMMARY OF FINANCIAL INFORMATION

Standalone Restated Summary Statement of Assets and Liabilities

(Rs. in millions)

	Particulars	As at 30-Sep-09	As at 31-Mar-09	As at 31-Mar-08	As at 31-Mar-07	As at 03-Jan-07	As at 31-Mar-06	As at 31-Mar-05
I	**FIXED ASSETS**							
	Net block	890.14	927.93	981.18	842.18	840.84	838.97	150.65
	Capital work-in-progress including capital advances	27.03	22.69	38.45	16.90	16.74	67.17	90.70
		917.17	**950.62**	**1,019.63**	**859.08**	**857.58**	**906.14**	**241.35**
II	**INVESTMENTS**	**181.83**	**181.83**	**181.83**	**20.28**	**20.28**	**20.28**	**37.78**
III	**CURRENT ASSETS, LOANS AND ADVANCES**							
	Inventories	3,784.15	3,690.98	3,953.09	3,946.54	3,834.25	3,386.44	2,445.91
	Sundry debtors	10,957.02	10,520.22	7,555.24	5,748.53	5,514.89	3,935.99	3,118.07
	Cash and bank balances	111.43	109.34	108.32	132.75	116.73	150.21	102.67
	Other current assets	0.37	0.17	0.06	0.23	0.05	0.55	0.12
	Loans and advances	487.51	486.27	385.62	292.79	274.38	279.93	230.79
		15,340.48	**14,806.98**	**12,002.33**	**10,120.84**	**9,740.30**	**7,753.12**	**5,897.56**
IV	**LIABILITIES AND PROVISIONS**							
	Secured loans	8,383.72	8,564.60	6,995.67	5,795.08	5,874.10	4,576.12	3,148.13
	Unsecured loans	1,413.08	1,407.77	1,458.93	1,526.41	2,540.48	163.99	151.45
	Current liabilities	4,091.61	3,503.85	2,548.02	1,932.39	1,643.68	1,452.87	466.74
	Provisions	296.13	281.69	251.37	201.70	194.81	177.53	194.99
		14,184.54	**13,757.91**	**11,253.99**	**9,455.58**	**10,253.07**	**6,370.51**	**3,961.31**
V	**DEFERRED TAX LIABILITIES (NET)**	**152.54**	**154.54**	**133.76**	**131.21**	**115.09**	**69.06**	**7.69**
VI	**NET WORTH (I+II+III-IV-V)**	**2,102.40**	**2,026.98**	**1,816.04**	**1,413.41**	**250.00**	**2,239.97**	**2,207.69**
VII	**EQUITY SHARE CAPITAL**	300.00	300.00	300.00	300.00	250.00	2,239.97	2,207.69
		300.00	**300.00**	**300.00**	**300.00**	**250.00**	**2,239.97**	**2,207.69**
VIII	**RESERVES AND SURPLUS**							
	Securities premium account	950.00	950.00	950.00	950.00	-	-	-
	Profit and loss account	852.40	776.98	566.04	163.41	-	-	-
		1,802.40	**1,726.98**	**1,516.04**	**1,113.41**	**-**	**-**	**-**
IX	**NET WORTH (VII+VIII)**	**2,102.40**	**2,026.98**	**1,816.04**	**1,413.41**	**250.00**	**2,239.97**	**2,207.69**

Notes:

1. The accompanying Significant Accounting Policies and Notes to the Restated Financial Information are an integral part of this Restated Summary Statement of Assets and Liabilities.

2. The status of the Company upto 3 January 2007 was partnership firm and accordingly share capital disclosed for period ended 3 January 2007 and earlier represent total of balance in Partner's Capital Account as restated on the respective dates.

Standalone Restated Summary Statement of Profit and Loss Account

(Rs.in millions)

	Particulars	Period ended 30-Sep-09	Year ended 31-Mar-09	Year ended 31-Mar-08	Period ended 31-Mar-07	Period ended 03-Jan-07	Year ended 31-Mar-06	Year ended 31-Mar-05
I	**INCOME**							
	Sales and income from operations	6,018.70	14,132.42	13,664.45	3,306.57	8,434.91	9,120.77	7,574.45
	Other income	4.72	113.17	30.73	2.62	5.35	34.15	110.33
	Increase/ (Decrease) in inventories	782.13	65.54	460.72	(162.31)	349.48	340.44	380.25
		6,805.55	**14,311.13**	**14,155.90**	**3,146.88**	**8,789.74**	**9,495.36**	**8,065.03**
II	**EXPENDITURE**							
	Cost of materials	6,055.81	12,707.50	11,724.60	2,577.84	7,127.71	7,971.05	6,725.92
	Staff cost	37.58	139.97	158.09	37.35	26.16	63.71	78.14
	Manufacturing and other expenses	207.36	424.03	1,139.59	195.91	976.79	860.43	853.47
	Selling and distribution expenses	4.44	12.99	15.85	5.74	7.77	10.30	12.38
	Interest	373.48	690.37	629.77	130.40	311.73	223.66	126.51
	Miscellaneous expenditure written off	-	-	-	0.62	1.63	-	-
	Depreciation / Amortization	39.26	83.55	81.23	18.99	72.63	43.50	21.51
		6,717.93	**14,058.41**	**13,749.13**	**2,966.85**	**8,524.42**	**9,172.65**	**7,817.93**
III	**PROFIT BEFORE TAXATION**	**87.62**	**252.72**	**406.77**	**180.03**	**265.32**	**322.71**	**247.10**
	Provision for tax							
	Current tax	(15.00)	(30.00)	(46.60)	(5.91)	(14.54)	(15.04)	(60.00)
	Less: MAT credit entitlement	0.80	10.00	46.00	5.68	-	-	-
	Deferred tax	2.00	(20.78)	(2.55)	(16.12)	(46.03)	(61.38)	(2.33)
	Fringe benefit tax	-	(1.00)	(1.00)	(0.27)	(0.62)	(1.18)	-
	Net profit after tax	**75.42**	**210.94**	**402.62**	**163.41**	**204.13**	**245.11**	**184.77**

Notes:

The accompanying Significant Accounting Policy and Notes to the Restated Financial Information are an integral part of this Restated Summary Statement of Profit and Loss Account.

Standalone Statement of Restated Cash Flows

(Rs. in millions)

	Particulars	Period ended 30-Sep-09	Year ended 31-Mar-09	Year ended 31-Mar-08	Period ended 31-Mar-07	Period ended 03-Jan-07	Year ended 31-Mar-06	Year ended 31-Mar-05
A.	**CASH FLOW FROM OPERATING ACTIVITIES**							
	Profit before taxation	**87.62**	**252.72**	**406.77**	**180.03**	**265.32**	**322.71**	**247.10**
	Adjustment for:							
	Depreciation / Amortization	39.26	83.55	81.23	18.99	72.63	43.50	21.51
	(Profit) / Loss on sale of fixed assets (net)	-	(0.21)	0.03	0.04	0.05	(0.23)	(4.02)
	Interest income	(4.37)	(10.68)	(8.28)	(2.15)	(3.88)	(5.20)	(4.97)
	Interest expenses	373.48	690.37	629.77	130.40	311.73	223.66	126.51
	Unrealised exchange difference (net)	156.50	(112.79)	5.90	63.87	117.66	61.00	(65.44)
	Dividend income from subsidiary company	-	-	(0.20)	-	(0.20)	(0.10)	-
	Cash generated from operations before working capital changes	652.49	902.96	1,115.22	391.18	763.31	645.34	320.69
	Adjustment for:							
	(Increase)/ Decrease in inventories	(93.17)	262.11	(6.54)	(112.30)	(447.81)	(940.53)	(513.97)
	(Increase)/ Decrease in trade and other receivables	(519.42)	(2,295.67)	(1,787.27)	(338.33)	(1,690.38)	(899.59)	(280.83)
	Increase/ (Decrease) in current liabilities and provisions	540.25	611.47	602.40	323.31	193.06	984.77	(232.97)
	Cash generated from/ (used in) operations	580.15	(519.13)	(76.19)	263.86	(1,181.82)	(210.01)	(707.08)
	Direct tax paid (Net)	(1.01)	(36.11)	(44.94)	(8.26)	(10.88)	(18.27)	(58.71)
	Net cash from/ (used in) Operating Activities (A)	**579.14**	**(555.24)**	**(121.13)**	**255.60**	**(1,192.70)**	**(228.28)**	**(765.79)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**							
	Payments made for purchase of fixed assets/ capital expenditure	(14.61)	(5.82)	(242.91)	(33.21)	(24.89)	(708.54)	(102.59)
	Proceeds from sale of fixed assets	-	0.61	1.09	12.69	0.77	0.48	9.71
	Loans (granted)/ received back (net)	(0.31)	1.29	2.19	(0.26)	(3.18)	(1.80)	(0.82)
	Interest received	4.16	10.57	8.46	1.98	4.37	4.77	5.09
	(Purchase) / Sale of Investments	-	-	(161.55)	-	-	17.50	(0.28)
	Dividend received from subsidiary company	-	-	0.20	-	0.20	0.10	-
	Net cash from/ (used in) Investing Activities (B)	**(10.76)**	**6.65**	**(392.52)**	**(18.80)**	**(22.73)**	**(687.49)**	**(88.89)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**							
	Capital introduced/withdrawn (net)	-	-	-	-	181.36	49.50	47.35
	Proceeds from issue of shares (Refer note 2 below)	-	-	-	-	-	-	-
	Proceeds from borrowings (net of repayment)	(191.01)	1,221.55	1,119.30	(87.72)	1,305.92	1,135.52	922.31
	Interest paid	(375.29)	(671.94)	(630.08)	(133.06)	(305.33)	(221.71)	(126.72)
	Net cash from/ (used in) Financing Activities (C)	**(566.30)**	**549.61**	**489.22**	**(220.78)**	**1,181.95**	**963.31**	**842.94**
	Net increase/ (decrease) in Cash and Cash Equivalents (A+B+C)	**2.08**	**1.02**	**(24.43)**	**16.02**	**(33.48)**	**47.54**	**(11.74)**
	Cash and Cash Equivalents at the beginning of the year/period	109.34	108.32	132.75	116.73	150.21	102.67	114.41
	Cash and Cash Equivalents at the end of the year/period	**111.42**	**109.34**	**108.32**	**132.75**	**116.73**	**150.21**	**102.67**
	Components of Cash and Cash Equivalents at the end of the year/period							
	Cash in hand	4.34	2.28	4.93	5.00	3.67	2.82	7.04
	Balance with scheduled banks							
	Current account	3.93	12.07	9.22	15.19	9.79	52.22	13.67
	EEFC account	0.08	-	-	-	-	-	-
	Fixed deposit/ margin money	103.07	94.99	94.17	112.56	103.27	95.17	81.96
		111.42	**109.34**	**108.32**	**132.75**	**116.73**	**150.21**	**102.67**

Notes:

1. The accompanying Significant Accounting Policy and Notes to the Restated Financial Information are an integral part of this Statement of Restated Cash Flow.

2. During period ended 31 March 2007 the Company has issued 5,000,000 equity shares of Rs.10 each at Rs.200 each (including Rs.190 premium) by adjusting balance lying in Unsecured loans, as such the same has been treated as non-cash transaction.

Restated Summary Statement of Consolidated Assets and Liabilities

(Rs. in millions)

	PARTICULARS	As at 30-Sep-09	As at 31-Mar-09	As at 31-Mar-08	As at 31-Mar-07	As at 31-Mar-06	As at 31-Mar-05
I	**FIXED ASSETS**						
	Net block	1,067.30	1,108.55	1,222.35	1,099.65	1,055.22	351.00
	Capital work-in-progress (including capital advances)	27.03	22.69	38.53	16.90	77.99	100.71
		1,094.33	**1,131.24**	**1,260.88**	**1,116.55**	**1,133.21**	**451.71**
II	**GOODWILL ON CONSOLIDATION**	**-**	**-**	**-**	**12.45**	**18.23**	**9.75**
III	**DEFERRED TAX ASSET (NET)**	**46.47**	**17.20**	**4.96**	**2.43**	**2.44**	**3.56**
IV	**CURRENT ASSETS, LOANS AND ADVANCES**						
	Inventories	6,574.69	6,770.31	6,592.08	6,708.81	5,670.67	3,633.43
	Sundry debtors	10,901.58	10,412.71	8,243.23	6,226.72	5,437.54	3,961.17
	Cash and bank balances Other current assets Loans and advances	208.32	187.80	260.17	179.00	248.99	131.56
		1.01	0.94	1.02	0.60	1.36	0.41
		1,120.72	1,192.84	534.96	324.83	311.55	264.92
		18,806.32	**18,564.60**	**15,631.46**	**13,439.96**	**11,670.11**	**7,991.49**
V	**MINORITY INTEREST LIABILITIES AND PROVISIONS**	**28.31**	**36.18**	**475.78**	**676.67**	**574.67**	**555.47**
VI	Secured loans Unsecured loans Current liabilities Provisions						
		9,403.84	9,728.88	8,139.78	6,432.27	5,638.95	3,616.38
		2,395.00	2,459.70	2,451.79	2,188.47	1,970.52	673.32
	DEFERRED TAX LIABILITIES (NET) NET WORTH	5,154.78	4,555.70	3,283.02	3,407.44	2,206.28	1,156.62
		325.68	306.74	274.16	212.25	186.46	204.07
	(I+II+III+IV-V-VI-VII) NETWORTH REPRESENTED	**17,279.30**	**17,051.02**	**14,148.75**	**12,240.43**	**10,002.21**	**5,650.39**
VII	**BY: EQUITY SHARE CAPITAL**	**152.95**	**154.89**	**136.03**	**134.38**	**72.64**	**11.65**
VIII	**RESERVES AND SURPLUS** Securities premium account Capital reserve General reserve	**2,486.56**	**2,470.95**	**2,136.74**	**1,519.91**	**2,174.47**	**2,239.00**
IX	Capital redemption reserve Statutory	300.00	300.00	300.00	300.00	2,239.97	2,207.69
X	reserve Translation reserve	**300.00**	**300.00**	**300.00**	**300.00**	**2,239.97**	**2,207.69**
	Profit and loss account	950.00	950.00	950.00	950.00	-	-
		123.75	123.75	117.84	-	-	-
		40.62	35.77	20.56	9.44	2.79	1.46
	NET WORTH (IX+X)	0.38	0.38	0.38	-	-	-
		1.37	1.11	0.51	0.08	0.08	0.08
		(206.79)	(262.42)	65.29	(72.42)	1.61	(6.01)
		1,277.23	1,322.36	682.16	332.81	(69.98)	35.78
		2,186.56	**2,170.95**	**1,836.74**	**1,219.91**	**(65.50)**	**31.31**
		2,486.56	**2,470.95**	**2,136.74**	**1,519.91**	**2,174.47**	**2,239.00**

Notes:

1. The accompanying Significant Accounting Policy and Notes to the Restated Financial Information are an integral part of this Restated Summary Statement of Consolidated Assets and Liabilities.

2. The status of the Company upto 3 January 2007 was partnership firm and accordingly Share Capital disclosed for the year ended 31 March 2005 and 31 March 2006 represent total of balance in Partner's Capital Account as on the respective dates.

Restated Summary Statement of Consolidated Profit and Loss Account

(Rs. in millions)

	PARTICULARS	Period ended 30-Sep-09	Year ended 31-Mar-09	Year ended 31-Mar-08	Year ended 31-Mar-07	Year ended 31-Mar-06	Year ended 31-Mar-05
I	**INCOME**						
	Sales and income from operations	8,168.62	15,337.40	17,319.87	16,579.81	10,477.75	8,390.94
	Other income	6.92	86.43	36.62	12.90	13.52	115.37
	Increase/ (Decrease) in inventories	155.64	611.75	432.03	567.57	1,024.83	1,028.38
		8,331.18	**16,035.58**	**17,788.52**	**17,160.28**	**11,516.10**	**9,534.69**
II	**EXPENDITURE**						
	Cost of materials	7,485.43	13,515.74	14,837.02	14,085.33	9,623.98	7,824.15
	Staff cost	91.17	268.53	286.32	180.59	154.55	130.19
	Manufacturing and other expenses	319.71	588.01	1,434.83	1,370.32	1,014.97	918.28
	Selling and distribution expenses	26.41	53.31	62.78	59.81	58.27	44.54
	Interest	414.81	791.24	715.63	509.34	270.37	144.24
	Miscellaneous expenditure written off	-	-	-	2.24	-	-
	Depreciation / Amortization	47.42	107.24	108.50	119.84	69.05	37.63
		8,384.95	**15,324.07**	**17,445.08**	**16,327.47**	**11,191.19**	**9,099.03**
III	**PROFIT/(LOSS) BEFORE TAXATION**	**(53.77)**	**711.51**	**343.44**	**832.81**	**324.91**	**435.66**
	Provision for tax						
	Current tax	(20.95)	(41.57)	(62.93)	(38.88)	(19.87)	(62.32)
	Less: MAT credit entitlement	0.80	10.00	46.00	5.68	-	-
	Deferred tax	32.12	(9.39)	1.11	(61.75)	(62.11)	(3.41)
	Fringe benefit tax	-	(1.34)	(1.32)	(1.48)	(2.04)	-
	NET PROFIT/(LOSS) BEFORE MINORITY INTEREST	**(41.80)**	**669.21**	**326.30**	**736.38**	**240.89**	**369.93**
	Minority interest (profit)/loss	1.77	(7.26)	16.02	(118.00)	(105.28)	(149.25)
	NET PROFIT/(LOSS) AFTER MINORITY	**(40.03)**	**661.95**	**342.32**	**618.38**	**135.61**	**220.68**
	INTEREST Adjustment for the year due to change in	-	(3.42)	(18.15)	(0.35)	(3.42)	-
	holding Surplus brought forward from previous year	1,322.36	682.16	332.81	(69.98)	35.78	2.05
	Adjustment in opening reserve due to change in holding	-	(2.50)	33.74	(0.97)	9.30	-
IV	**ADJUSTED PROFIT AVAILABLE FOR APPROPRIATION**	**1,282.33**	**1,338.19**	**690.72**	**547.08**	**177.27**	**222.73**

Notes:

1 The accompanying Significant Accounting Policy and Notes to the Restated Financial Information are an integral part of this Restated Summary Statement of Consolidated Profit and Loss Account.

2 Figures for the period from 1 April 2006 to 3 January 2007 pertaining to the Partnership Firm prior to its conversion under Part IX of The Companies Act, 1956 and figures for the period from 4 January 2007 to 31 March 2007 post its conversion into company have been combined and presented as figures for the year ended 31 March 2007.

Statement of Restated Consolidated Cash Flows

(Rs. in millions)

	PARTICULARS	Period ended 30-Sep-09	Year ended 31-Mar-09	Year ended 31-Mar-08	Year ended 31-Mar-07	Year ended 31-Mar-06	Year ended 31-Mar-05
A.	**CASH FLOW FROM OPERATING ACTIVITIES**						
	Net profit/(loss) before tax and after minority interest	**(52.00)**	**704.25**	**359.46**	**714.81**	**219.63**	**286.41**
	Adjustment for:						
	Depreciation /	47.42	107.24	108.50	119.84	69.05	37.63
	Amortization Interest	(5.05)	(16.16)	(12.62)	(10.48)	(6.28)	(4.72)
	income	-	-	-	(0.04)	-	-
	Interest on income tax refund	414.81	791.24	715.63	509.34	270.37	144.24
	Interest expenses	0.05	0.09	0.10	1.33	(0.23)	(4.02)
	(Profit) / Loss on sale of fixed assets	56.78	(343.82)	133.87	(78.03)	9.34	(5.99)
	(net) Change in translation reserve						
	Cash generated from operations before working capital changes	462.01	1,242.84	1,304.94	1,256.77	561.88	453.55
	Adjustment for:	195.62	(178.23)	116.73	(1,038.14)	(2,037.23)	(1,551.54)
	(Increase) / Decrease in inventories	(414.71)	(2,770.97)	(2,127.17)	(774.05)	(1,540.87)	(1,137.98)
	(Increase) / Decrease in trade and other receivables	598.72	1,263.83	(121.20)	1,205.31	1,048.30	441.65
	Increase / (Decrease) in current liabilities and	841.64	(442.53)	(826.70)	649.89	(1,967.92)	(1,794.32)
	provisions **Cash generated from/ (used in)**	(1.59)	(57.69)	(58.74)	(40.68)	(20.43)	(56.24)
	operations	**840.05**	**(500.22)**	**(885.44)**	**609.21**	**(1,988.35)**	**(1,850.56)**
	Less: Direct tax paid (Net)						
B.	**NET CASH FROM/ (USED IN) OPERATING ACTIVITIES (A)**	(11.73)	(24.58)	(254.48)	(113.95)	(752.52)	(238.04)
	CASH FLOW FROM INVESTING ACTIVITIES	0.02	0.70	1.47	13.44	0.48	9.71
	Payments made for purchase of fixed assets/ capital expenditure	4.98	16.24	12.20	11.23	5.33	4.64
		-	-	126.08	5.78	(8.48)	-
	Proceeds from sale of fixed assets	-	-	15.59	(1.32)	5.88	-
	Interest received	**(6.73)**	**(7.64)**	**(99.14)**	**(84.82)**	**(749.31)**	**(223.69)**
	Change in goodwill / capital reserve						
C.	Adjustment due to change in holding						
	NET CASH FROM/ (USED IN) INVESTING ACTIVITIES (B)	-	-	-	(2,444.09)	(212.83)	45.30
		-	-	-	-	-	-
		(385.46)	1,582.76	1,971.14	2,257.39	3,317.34	1,603.92
	CASH FLOW FROM FINANCING ACTIVITIES	(419.48)	(769.95)	(715.94)	(506.20)	(267.82)	(144.44)
	Capital introduced / (withdrawn) (net)	(7.86)	(377.32)	(189.40)	98.56	18.42	543.95
	Proceeds from issue of shares (refer note 2 below)	-	-	(0.05)	(0.04)	(0.02)	-
	Increase / (decrease) in borrowings (net)	**(812.80)**	**435.49**	**1,065.75**	**(594.38)**	**2,855.09**	**2,048.73**
	Interest paid						
	Increase in minority interest						
	Dividend distribution tax paid	**20.52**	**(72.37)**	**81.17**	**(69.99)**	**117.43**	**(25.52)**
	NET CASH FROM/ (USED IN) FINANCING ACTIVITIES (C)	**187.80**	**260.17**	**179.00**	**248.99**	**131.56**	**157.08**
	NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**208.32**	**187.80**	**260.17**	**179.00**	**248.99**	**131.56**
	Cash and Cash Equivalents at the beginning of the year/period						
	Cash and Cash Equivalents at the end of the year/period	13.06	5.49	10.00	16.95	18.80	11.51
		32.04	61.16	91.48	30.01	75.23	29.23
	COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	0.33	0.27	0.21	0.23	0.23	0.23
		32.82	-	39.20	-	-	0.84
	Cash in hand	130.07	120.88	119.28	131.81	154.73	89.75
	Balance with Scheduled Banks	**208.32**	**187.80**	**260.17**	**179.00**	**248.99**	**131.56**
	Current						

Notes:

1 Figures for the period from 1 April 2006 to 3 January 2007 pertaining to the Partnership Firm prior to its conversion under Part IX of The Companies Act, 1956 and figures for the period from 4 January 2007 to 31 March 2007 post its conversion into company have been combined and presented as figures for the year ended 31 March 2007.

2 During year ended 31 March 2007 the Company has issued 5,000,000 equity shares of Rs.10 each at Rs. 200 each (including Rs. 190 premium) by adjusting balance lying in Unsecured loans, as such the same has been treated as non-cash transaction.

THE ISSUE

Issue Details	
Public Issue of Equity Shares	**15,000,000** Equity Shares aggregating Rs. [•] millions
Of which:	
A. Qualified Institutional Buyers Portion* *	At least **7,500,000** Equity Shares aggregating Rs. [•] millions, constituting at least 50% of the Issue size (Allotment on a proportionate basis)
of which	
Available for Mutual Funds only	(Allocation on a proportionate basis)
Balance OF QIB portion (available for all QIBs including Mutual Funds)	**[•]** Equity Shares aggregating Rs. [•] millions (Allotment on a proportionate basis)
B. Non Institutional Portion*	Not less than **2,250,000** Equity Shares aggregating Rs. [•] millions, constituting not less than 15% of the Issue size (Allocation on a proportionate basis)
C. Retail Portion*	Not less than **5,250,000** Equity Shares aggregating Rs. [•] millions constituting not less than 35% of the Issue size (Allocation on a proportionate basis)
Equity Shares outstanding prior to the Issue	**45,000,000** Equity Shares
Equity Shares outstanding after the Issue	**60,000,000** Equity Shares
Use of Proceeds	Refer chapter titled *"Objects of the Issue"* beginning on page 37 of the Draft Red Herring Prospectus for information on use of Issue proceeds.

**In case of under - subscription in the Issue (subject to at least 50% Allotment of the Issue size to QIBs), spillover to the extent of under - subscription shall be permitted from other categories or a combination of categories in the Issue at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange. Such inter-se spillover, if any, would be effectuated in accordance with applicable laws, rules, regulations and guidelines.*

***Allocation to QIBs is proportionate as per the terms of the Draft Red Herring Prospectus. Provided that, our Company may, allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Issue Price on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. 5% of the Net QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% reservation in the Net QIB Portion will also be eligible for allocation in the remaining Net QIB Portion. Further attention of all QIBs is specifically drawn to the following: (a) QIBs will not be allowed to withdraw their Bid cum Application Forms after 3.00 p.m. on the Bid/Issue Closing Date; and (b) each QIB, including a Mutual Fund is required to deposit a Margin Amount of at least 10% with its Bid cum Application Form. In the event of under-subscription in the Mutual Fund Portion only, the unsubscribed portion would be added to the balance of the Net QIB Portion to be allocated on a proportionate basis to the QIB Bidders. Provided further that the Anchor Investors shall pay Anchor Investor Margin Amount representing 25% on the Bid Amount at the time of submission of the Anchor Investor Bid. Any difference between the amount payable by an Anchor Investor for Equity Shares allocated and the Anchor Investor Margin Amount paid at the time of Anchor Investor Bidding, shall be payable by the Anchor Investor within two days of the Bid/Issue Closing Date.*

GENERAL INFORMATION

Our Company was originally formed as a partnership firm under the name and style of 'M/s. C. Mahendra Exports' *vide* partnership deed dated April 03, 1978. Subsequently, M/s. C. Mahendra Exports was converted into a private limited company under part IX of the Act bearing the name 'C. Mahendra Exports Private Limited' *vide* certificate of incorporation dated January 4, 2007 bearingCorporate Identity Number U27205MH2007PTC166717. Subsequently, our Company was converted into a public limited company *vide* fresh certificate of incorporation dated March 14, 2007 bearing the name 'C. Mahendra Exports Limited'with CIN U27205MH2007PLC166717. For further details in relation to the corporate history of our Company, refer to the chapter titled *"History and Other Corporate Matters"* beginning on page 87of the Draft Red Herring Prospectus.

Registered Office of our Company
1204, Panchratna,
12th Floor Opera House,
Mumbai 400 004
Maharashtra
India
Tel: + 91 22 2363 1487
Fax: +91 22 2363 4251
Website: www.cmahendra.com
Email: infonagindas@cmahendra.com

Corporate Office of our Company
A -5/6, Nagindas Mansion,
3rd Floor, 57-61, J.S.S. Road,
Opera House,
Mumbai 400 004
Maharashtra
India
Tel: + 91 22 2382 6998
Fax: +91 22 2380 2847
Email: infonagindas@cmahendra.com

Our Company is registered with the Registrar of Companies, Maharashtra at Mumbai with CIN U27205MH2007PLC166717.

The address of the RoC is as follows:

Registration Number - 166717

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

Board of Directors

Our Board of Directors as on the date of filing the Draft Red Herring Prospectus with SEBI is as follows:

Sr. No.	Name	Designation	Nature of Directorship	DIN	Residential Address
1.	Mr. Mahendra C. Shah	Chairman	Executive	00039077	18-A, Lands End, 29-D, Dongersy Road, Walkeshwar Road Mumbai 400 006 Maharashtra, India.
2.	Mr. Champaklal K. Mehta	Managing Director	Executive	00050883	41, Suraj Apartments, Tardeo Road, Tardeo, Mumbai 400 007 Maharashtra India.

Sr. No.	Name	Designation	Nature of Directorship	DIN	Residential Address
3.	Mr. Sandeep M. Shah	Whole Time Director	Executive	00051682	18-A, Lands End, 29-D, Dongersy Road, Walkeshwar, Mumbai 400 006 Maharashtra India
4.	Mr. Vittala S. Hegde	Director	Independent	01243655	A-39, 6th Floor, Munjal Nagar No. 1, Opposite Amar Mahal, Chembur, Mumbai 400 089 Maharashtra India.
5.	Mr. Shailesh S. Vaidya	Director	Independent	00002273	801, Summer Heights, K.M. Munshi Marg, Chowpatty, Mumbai 400 007 Maharashtra India.
6.	Mr. Kailashchandra C. Chowdhary	Director	Independent	01687337	F No. 405, Morya Regency, Behind Anand Bhawan, 577/2, M G Road, Indore 452 002 Madhya Pradesh India.

For further details of our Board of Directors, please refer to the chapter titled *"Our Management"* and *"Our Promoters"* beginning on page 97 and 114, respectively of the Draft Red Herring Prospectus.

Company Secretary and Compliance Officer
Mr. Mandar M. Ranade is the Company Secretary and Compliance Officer of our Company. His contact details are as follows:

Mr. Mandar M. Ranade
A-5/6, Nagindas Mansion, 3rd Floor,
57-61, J.S.S. Road,
Opera House,
Mumbai 400 004
Maharashtra
India
Tel: + 91 22 2382 6998
Fax: +91 22 2380 2847
Email: investorgrievance@cmahendra.com

Investors can contact the Compliance Officer and / or the Registrar to the Issue and / or the Book Running Lead Managers to the Issue i.e. YES BANK Limited and Anand Rathi Advisors Limited, in case of pre-Issue or post-Issue related problems such as non-receipt of letters of Allocation, credit of allotted Equity Shares in the respective beneficiary account, receipt of refund orders if any etc.

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

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

Issue Management Team

Book Running Lead Manager
YES BANK Limited
Nehru Centre, 12th Floor,
Discovery of India,
Dr. A.B.Road,
Worli,
Mumbai 400 018

Book Running Lead Manager
Anand Rathi Advisors Limited
11th Floor, Times Tower, Kamala City,
Senapati Bapat Marg,
Lower Parel,
Mumbai 400 013
Maharashtra

Maharashtra
India
Tel: + 91 22 6669 9144
Fax: + 91 22 2497 4158
Email: dlcmipo@yesbank.in
Investor Grievance Email: merchantbanking@yesbank.in
Website: www.yesbank.in
Contact Person: Mr. Gautam Badalia
SEBI Registration No.: MB/ INM000010874

India
Tel: +91 22 4047 7000
Fax: +91 22 4047 7070
Email: cm.ipo@rathi.com
Investor Grievance Email: grievance@rathi.com
Website: www.rathi.com
Contact Person: Mr. Mukesh Garg/ Mr. Ankoor Choudharri
SEBI Registration No.: MB / INM000010478

Registrar to the Issue
Link Intime (India) Private Limited
C-13, Pannalal Silk Mills Compound,
LBS Road,
Bhandup (West),
Mumbai 400 078
Maharashtra
India.
Tel: +91 22 2596 0320
Fax: +91 22 2596 0329
Email: [●]
Website: www.linkintime.co.in
Contact Person: Mr. Sachin Achar
SEBI Registration No.: INR000004058

Self Certified Syndicate Banks
The list of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on www.sebi.gov.in. For details on designated branches of SCSBs collecting the ASBA Bid cum Application Form, please refer the above mentioned SEBI link.

Bankers To The Issue
The Bankers to the Issue shall be appointed prior to filing of the Red Herring Prospectus with RoC.

Legal Advisors to the Issue
M/s. Crawford Bayley & Co.
Advocates & Solicitors
State Bank Buildings, 4th floor,
N. G. N. Vaidya Marg,
Fort, Mumbai - 400 023,
Maharashtra, India
Tel: +91-22-2266 8000
Fax: +91-22-2266 3978
E-mail: sanjay.asher@crawfordbayley.com

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

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

Statutory Auditors
M/s. Suresh Surana & Associates
602-3, 6th Floor, Regent Chambers,
208, Nariman Point,
Mumbai 400 021
Maharashtra
India
Tel: +91 22 2287 5770/ 6651 5570
Fax: +9122 2285 5771
Website: www.ss-associates.com
E-mail: emails@ss-associates.com
Registration Number: 34709

Brokers to this Issue
All the members of the recognised stock exchanges would be eligible to act as brokers to the Issue.

Bankers to the Company

Bank of Baroda
CFS Branch,
Ballard Pier,
Mumbai 400 001,

State Bank of Mysore
Mumbai Main Branch,
224, Mittal Court,
C' Wing, Nariman Point,

Maharashtra
India
Tel: +91 22 4340 7305/7306
Fax: + 91 22 2265 5778
Email: cfsbal@bankofbaroda.com
Contact Person: Mr. Rajesh Malhotra

Bank of India
Opera House Branch,
Opera House,
Mumbai 400 004,
Maharashtra
India
Tel: +91 22 2369 3784
Fax:+91 22 2363 7499
Email: boiophbr@mtnl.net.in
Contact Person: Mr. V.G. Nair

Canara Bank
Overseas Branch,
211,Dalmaal Tower,
Nariman Point,
Mumbai 400 021,
Maharashtra
India
Tel: +91 22 2283 0858/2283 0814
Fax: + 91 22 2287 3074
Email: fcsovmum@canarabank.co.in
Contact Person: Mr. B.N. Suresh

State Bank of Indore
Commercial Branch,
B' Wing, Mittal Court,
Nariman Point,
Mumbai 400 021,
Maharashtra
India
Tel: +91 22 2282 1557
Fax: +91 22 2283 5735
Email: sbn3342@sbindore.co.in
Contact Person: Mr. R.D.Agarwal

State Bank of India
Diamond Branch,
1st Floor, Majestic Shopping Center,
144 JSS Road, Girgaum,
Mumbai 400 004,
Maharashtra
India
Tel: +91 22 2389 1843
Fax: +91 22 2389 2165
Email: sbi.09276@sbi.co.in
Contact Person: Mr. V.K.Dixit

State Bank of Patiala
Commercial Branch,
Atlanta,
Nariman Point,
Mumbai 400 004,
Maharashtra

Mumbai 400021,
Maharashtra
India
Tel: +91 22 2279 0536
Fax:+ 91 22 2204 4281
Email: mumbai@sbm.co.in
Contact Person: Mr. P. Nagabhushanam

Corporation Bank
Overseas Branch,
First Floor, Earnesh House,
Nariman Point,
Mumbai 400 021,
Maharashtra
India
Tel: +91 22 2288 2085
Fax: +91 22 2285 1837
Email: cb444@corpbank.co.in
Contact Person: Mr. T. Munivelu

State Bank of Travancore
Corporate Finance Branch,
112-115, Tulsiani Chambers,
West Wing, 1st Floor,
Nariman Point,
Mumbai 400 021
Maharashtra
India
Tel : + 91 22 3028 7008
Fax: + 91 22 3028 7014
Email: cfb@sbt.co.in
Contact Person: Mr. Sanjay Sahay

State Bank of Bikaner & Jaipur
235/237, Peninsula House,
Dr. D.N. Road,
Mumbai 400 001,
Maharashtra
India
Tel: +91 22 2263 0624
Fax: +91 22 2263 0622
Email: sbbj10279@sbbj.co.in
Contact Person: Mr. R.P.Sharma

Indian Bank
Mumbai Fort Branch,
P.M. Road,
Mumbai 400 001,
Maharashtra
India
Tel : +91 22 2266 2462
Fax: +91 22 2265 8975
Email: creditfort@indianbank.co.in
Contact Person: Mr. R.V.Chandrasekaran

Central Bank of India
Corporate Finance Branch,
1st Floor, Mumbai Main Office Bldg,
Fort,
Mumbai 400 021,
Maharashtra

India
Tel: +91 22 2285 1762
Fax: +91 22 2283 2448
Email: sbp313@rediffmail.com
Contact Person: Ms. Vibha Khanna

India
Tel: +91 22 4078 5810
Fax: +91 22 2265 0686
Email: cfbcbl@rediffmail.com
Contact Person: Mr. E. Sathyavageeswaran

HDFC Bank Limited
Kamla Mill Compound,
Lower Parel,
Mumbai,
Maharashtra
India
Tel: +91 22 2490 2861
Fax: +91 22 2496 3994
Email: michael.joseph@hdfcbank.com
Contact Person: Mr. Michael Joesph

IndusInd Bank Limited
425, IndusInd House,
Dr. D.B. Marg (Lamington Road)
Mumbai 400 004,
Maharashtra
India
Tel: +91 22 43457500
Fax: +91 22 43457530
Email: milind.prabhavalkar@indusind.com
Contact Person: Mr. Milind Prabhavalkar

Punjab National Bank
International Banking Branch,
Birya House, Bazargate Street,
Fort, Mumbai – 400001,
Maharashtra
India
Tel: +91 22 2269 1087
Fax: +91 22 2269 1027
Email: bo3737@pnb.co.in
Contact Person: Mr. Rajgopalan Iyer

Statement of Inter Se Allocation Responsibilities for the Issue

The following table sets forth the *inter se* allocation of responsibilities for various activities between YES BANK Limited ("YES BANK") and Anand Rathi Advisors Limited ("ARAL") as Book Running Lead Managers for the Issue:

Activities	Responsibility	Co-ordinator
The activities or sub-activities may be grouped on the following lines:		
(a) Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, etc.	YES BANK, ARAL	YES BANK
(b) Drafting and design of the offer document(s) and of the advertisement or publicity material including newspaper advertisement and brochure or memorandum containing salient features of the offer document.	YES BANK, ARAL	YES BANK
(c) Selection of various agencies connected with issue, such as registrars to the issue, printers, advertising agencies, bankers to the issue, etc.	YES BANK, ARAL	ARAL
(d) Marketing of the issue, which shall cover, *inter alia*, formulating marketing strategies, (i) centres for holding conferences of stock brokers, investors, etc.	YES BANK, ARAL	ARAL
(e) Preparation of publicity budget, arrangements for selection of (i) ad-media, (ii) collection centres as per schedule III, (iii) brokers to the issue, and (iv) underwriters and underwriting arrangement, distribution of publicity and issue material including application form, prospectus and brochure and deciding upon the quantum of issue material.	YES BANK, ARAL	ARAL
(f) Post-issue activities, which shall involve essential follow-up steps including follow-up with bankers to the issue and Self Certified Syndicate Banks to get quick estimates of collection and advising the issuer about the closure of the issue, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, despatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-issue activity such as registrars to the issue, bankers to the issue, Self Certified Syndicate Banks, etc.	YES BANK, ARAL	ARAL

Activities	Responsibility	Co-ordinator
(2) The designated lead merchant banker shall be responsible for ensuring compliance with these regulations and other requirements and formalities specified by the Registrar of Companies, the Board and the recognised stock exchanges where specified securities being offered are proposed to be listed.	YES BANK, ARAL	YES BANK

Even if any of these activities are handled by other intermediaries, the Book Running Lead Managers shall be responsible for ensuring that these agencies fulfil their functions and enable them to discharge this responsibility through suitable agreements with our Company and for ensuring compliance with the SEBI Regulations and other requirements and formalities specified by the RoC, the SEBI and the Stock Exchanges.

IPO Grading Agency

This Issue has been graded by [●] and has been assigned [●] indicating [●]. The IPO grading is assigned on a five point scale from 1 to 5 with an "IPO Grade 5" indicating strong fundamentals and an "IPO Grade 1" indicating poor fundamentals. For details in relation to the report of the grading agency, please see Annexures on page [●]. Attention is drawn to the disclaimer appearing on page [●]. A copy of the report provided by [●], furnishing the rationale for its grading is available for inspection at our Registered Office from 10.00 a.m. to 4.00 p.m. on Business Days during the Bidding Period.

Experts

Except the report of [●] in respect of the IPO grading of this Issue annexed herewith, our Company has not obtained any expert opinions.

Project Appraisal

The Ojects of this Issue have not been appraised by any agency. The Objects of this Issue and means of finance therefore are based on internal estimates of our Company.

Credit Rating

This being an Issue of Equity Shares, credit rating is not required.

Monitoring Agency

In terms of sub regulation (1) Regulation 16 of SEBI ICDR Regulations, our Company is not required to appoint a monitoring agency in relation to the Issue.

Trustees

This being an Issue of Equity Shares, the appointment of debenture trustee is not required.

Book Building Process

Book Building refers to the process of collection of Bids from investors on the basis of the Draft Red Herring Prospectus, which is based on the Price Band. The Issue Price is fixed after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

(1) Our Company,
(2) Book Running Lead Managers in this case being YES BANK Limited and Anand Rathi Advisors Limited,
(3) Syndicate Member(s) who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters. The BRLMs shall appoint the Syndicate Members,
(4) Registrar to this Issue, and
(5) Escrow Collection Bank(s).
(6) SCSBs

The SEBI ICDR Regulations, have permitted an issue of Equity Shares to the public through the Book Building Process, wherein at least 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers (QIBs) including upto 5 % of the QIB portion that shall be available for Allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB portion shall be available for Allocation on a

proportionate basis to all QIB bidders, including Mutual Funds. Further, not less than 15% of the Issue shall be available for Allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue shall be available for Allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Our Company may, in consultation with the Book Running Lead Managers, allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Price in accordance with the SEBI Regulations. At least one-third of the Anchor Investor Portion shall be available for allocation to Mutual Funds only. Allocation to Anchor Investors shall be on a discretionary basis subject to minimum number of two Anchor Investors. An Anchor Investor shall make a minimum Bid of such number of Equity Shares that the Bid Amount is at least Rs. 100 million. Further, Anchor Investors shall pay the Anchor Investor Margin Amount at the time of submission of the Bid cum Application Form to the Book Running Lead Managers and the balance within the Pay-in Date which shall be a date no later than two days of the Bid/Issue Closing Date.

In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to the QIBs in proportion to their Bids.

Our Company will comply with the SEBI ICDR Regulations for this Issue. In this regard, our Company has appointed the BRLMs to manage and procure subscriptions to the Issue.

Under the SEBI Regulations, QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date. In addition, QIBs are required to pay not less than 10% of the Bid Amount payable on application upon submission of the Bid cum Application Form during the Bid/Issue Period and allocation to QIBs will be on a proportionate basis. Provided that QIBs that are Anchor Investors are required to pay 25% of their Bid Amount at the time of submission of the Bid and the balance amount within two days from Bid/Issue Closing Date and allocation to them shall be on a discretionary basis. For further details, refer to the chapters titled "Terms of the Issue" and "Issue Procedure" beginning on pages 239 and 245, respectively, of the Draft Red Herring Prospectus.

All the Bidders (except QIB Bidders) have the option to submit their Bids under the "ASBA Process", which would entail blocking of funds in the investor's bank account rather than immediate transfer of funds to the respective Escrow Accounts. For details, refer paragraph titled *"Issue Procedure for ASBA Bidders"* beginning on page 275 of the Draft Red Herring Prospectus under chapter titled *"Issue Procedure"*.

Steps to be taken by the Bidders for bidding:

- Check eligibility for making a bid (for further details, refer to the chapter titled '*Issue Procedure*' beginning on page 245 of the Draft Red Herring Prospectus);
- Bidders necessarily need to have a demat account and ensure that the demat account details are correctly mentioned in the Bid Cum Application Form / ASBA Bid Cum Application Form;
- Except for Bids on behalf of the Central or State Government and the officials appointed by the courts, for Bids of all values ensure that you have mentioned PAN in your Bid cum Application Form. In accordance with the SEBI Rules and Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction (refer chapter titled *"Issue Procedure"* on page 245 of the Draft Red Herring Prospectus. Bidders are specifically requested not to submit their GIR number instead of the PAN as the Bid is liable to be rejected.
- Ensure that the Bid Cum Application Form is duly completed as per instructions given in the Draft Red Herring Prospectus and in the Bid Cum Application Form and the ASBA Bid cum Application Form;
- **Bids by QIBs will only have to be submitted to the BRLMs** and
- Bids by ASBA Bidders will have to be submitted to the designated branches of the SCSBs. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that the ASBA Bid cum Application Form is not rejected.

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

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs. 200 to Rs. 240 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. A graphical representation of the consolidated demand and price would be made available at the website of the BSE (www.bseindia.com) and NSE (www.nseindia.com) during the bidding period. The illustrative book as shown below shows the demand for the shares at various prices and is collated from bids from various investors.

Number of equity shares Bid for	Bid Price (Rs.)	Cumulative equity shares Bid for	Subscription
500	240	500	16.67%
1000	230	1500	50.00%
1500	220	3000	100.00%
2000	210	5000	166.67%
2500	200	7500	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 quantum of shares is the price at which the book cuts off *i.e.*, Rs. 220 in the above example. The Issuer, in consultation with the BRLMs will finalize the issue price at or below such cut off price *i.e.* at or below Rs. 220. All bids at or above this issue price and cut off bids are valid bids and are considered for Allocation in respective category.

Bid / Issue Period

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

** Our Company may consider participation by Anchor Investors. The Bid/Issue Period for Anchor Investors shall be one day prior to the Bid/Issue Opening Date.*

Our Company, in consultation with the Book Running Lead Managers, may allocate up to 30% of the QIB Portion, i.e. [●] Equity Shares, to Anchor Investors on a discretionary basis in accordance with the SEBI Regulations. The Anchor Investor Bid/ Issue Period shall be one day prior to the Bid/ Issue Opening Date and Bidding by Anchor Investors shall be completed on the same day. For further details, see the section titled "Issue Procedure" on page 245.

Except in relation to the Bids received from the Anchor Investors, Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 3.00 p.m**. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form. On the Bid/Issue Closing Date, Bids (excluding the ASBA Bidders) shall be uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders and Non Institutional Bidders and (ii) until 5.00 p.m. or such extended time as permitted by BSE and NSE, in case of Bids by Retail Individual Bidders. It is clarified that Bids not uploaded in the book, would be rejected. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by BSE and NSE.

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

Due to limitation of time available for uploading the Bids on the Bid/Issue Closing date, the bidders, except Anchor Investors, are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than the times mentioned above on the Bid/Issue Closing Date. All times mentioned in the Draft Red Herring Prospectus are Indian Standard Time. Bidders, other than Anchor Investors are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in pubic offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, the Issuer, BRLMs, Syndicate Members and the SCSB will not be responsible. Bids will be accepted only on Business Days, i.e., Monday to Friday (excluding any public holidays).

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

The 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 is less than or equal to 120% of the Floor Price. The Floor Price can be revised up or down to a maximum of 20% of the Floor Price.

In case of revision in the Price Band, the Issue Period will be extended for three additional working days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the SCSBs, Stock Exchanges, by issuing a public notice in [●] edition of [●] in the English language, [●] edition of [●] in the Hindi language and [●] edition of [●] in the regional language, and also by indicating the change on the websites of the BRLMs, SCSBs and at the terminals of members of the Syndicate. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [●] Equity Shares subject to the Bid Amount payable on such minimum application being in the range of Rs. 5,000 to Rs. 7,000.

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 of Equity Shares. In such an event our Company would issue a public notice in the newspapers, in which the pre Issue advertisements were published within two days of the Bid/Issue Closing Date / deciding not to proceed with the Issue, providing reasons for not proceeding with the Issue. Our Company shall also promptly inform the same to the stock exchanges on which our Equity Shares are proposed to be listed. Any further issue of Equity Shares by our Company shall be in compliance with applicable laws. If the Issue is withdrawn after the Bid / Issue Closing date, our Company shall be required to file a fresh offer document with SEBI. The BRLMs, through the Registrar to the Offer, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day from the day of receipt of such notification.

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

Underwriting

After the determination of the Issue Price and allocation of our Equity Shares but prior to 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 this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the respective Syndicate Members do not fulfil their underwriting obligations. The underwriting shall be to the extent of the Bids uploaded by the underwriters including through its syndicate / sub syndicate. Further the QIB portion cannot be and will not be underwritten. The Underwriting Agreement is dated [•] and has been approved by the Board of Directors of the Company / Committee thereof pursuant to the terms of the Underwriting Agreement the obligations of the Underwriters are several and are subject to certain conditions specified therein.

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

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

Name and Address of the Underwriters	Indicative Number of Equity shares to be underwritten	Amount Underwritten (Rupees in million)
YES BANK Limited, Nehru Centre, 12th Floor, Discovery of India, Dr. A.B.Road, Worli, Mumbai 400 018, Maharashtra India SEBI Registration No.: INU 000001215	[●]	[●]
Anand Rathi Advisors Limited 11th Floor, Times Tower, Kamala City,	[●]	[●]

Name and Address of the Underwriters	Indicative Number of Equity shares to be underwritten	Amount Underwritten (Rupees in million)
Senapati Bapat Marg, Lower Parel, Mumbai 400 013, Maharashtra India SEBI Registration No.: INU 000000654		
[•]	[•]	[•]

The abovementioned amount is an indicative underwriting and would be finalised after determination of the Issue Price and actual allocation of the Equity Shares.

In the opinion of our Board of Directors (based on certificates dated [●] given to them by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the stock exchange(s). Our Board of Directors / committee thereof as its meeting held on [•] has accepted and entered into the Underwriting Agreement, mentioned above on behalf of our Company.

Allocation among underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLMs and the Syndicate Members 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 to be defined in the Underwriting Agreement, will also be required to procure or subscribe to the extent of the defaulted amount as specified in the Underwriting Agreement. The underwriting arrangements mentioned above shall not apply to the subscriptions of any Equity Shares by ASBA Bidders in the Issue.

The underwriting arrangements mentioned above shall not apply to the subscriptions by the ASBA Bidders in this Issue. The underwriting agreement shall list out the role and obligations of each Syndicate Member and inter-alia contain a clause stating that margin collected from categories other than qualified institutional buyers shall be uniform across the BRLM(s) or syndicate members for each such category, indicating the percentage to be paid as margin by the investor at the time of bidding.

CAPITAL STRUCTURE

Our share capital as at the date of the Draft Red Herring Prospectus is set forth as below:

Sr. No.	Number of Equity Shares	Aggregate Nominal Value (Rs.)	Aggregate Value at Issue Price (Rs.)
(A)	**Authorized Share Capital**		
	62,500,000 Equity Shares	**625,000,000**	
	12,500,000 Preference Shares	**125,000,000**	
(B)	**Issued, Subscribed and Paid-Up share capital prior to the Issue**		
	45,000,000 Equity Shares	**450,000,000**	
	12,500,000 Preference Shares	**125,000,000**	
(C)	**Present Issue in terms of the Draft Red Herring Prospectus**		
	Public Issue of **15,000,000** Equity Shares	**150,000,000**	[•]
	Of which		
	QIB portion of at least **7,500,000** (1) Equity Shares (2)& (3)	[•]	[•]
	Non Institutional portion of not less than **2,250,000** Equity Shares (2)	[•]	[•]
	Retail portion of not less than **5,250,000** Equity Shares (2)	[•]	[•]
(D)	**Issued, Subscribed and Paid-Up share capital after the Issue**		
	60,000,000 Equity Shares	**600,000,000**	
	12,500,000 6% Redeemable Preference Shares* of Rs 10/- each	**125,000,000**	
(E)	**Securities Premium Account**		
	Prior to the Issue	**2,075,000,000**	
	Post the Issue(4)	[•]	

(1) *5% of the QIB portion, i.e. 375,000 Equity Shares (to be adjusted for Anchor Investor Portion, if applicable), are available for Allocation on a proportionate basis to Mutual Funds, and the remainder of the QIB portion shall be available for Allocation on a proportionate basis to all QIB Bidders, including Mutual Funds.*

(2)*Subject to valid bids being received at or above the Issue Price, in case of under subscription, if any, in the Issue (subject to at least 50% Allotment of the Issue size to QIBs), spillover to the extent of under subscription shall be permitted from other categories or a combination of categories in the Issue at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange. Such inter-se spillover, if any, would be effectuated in accordance with applicable laws, rules, regulations and guidelines.*

(3)*The Company may allocate up to 30% of the QIB Portion to Anchor Investors 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 price at which allocation is being done to Anchor Investors. For further details, please see the chapter titled "Issue Procedure" beginning on page 245 of the Draft Red Herring Prospectus.*

(4) *The Securities Premium Account after the Issue will be determined after Book Building Process.*

The present Issue in terms of the Draft Red Herring Prospectus has been authorised pursuant to a resolution passed by the Board of Directors on February 03, 2010 and at the Extraordinary General Meeting of our shareholders on March 04, 2010.

Details of changes in Authorized Share Capital since incorporation

Sr. No.	Particulars of increase/change	Date of Shareholders' meeting	AGM/EGM
1.	30,000,000 Equity Shares aggregating to Rs.	Incorporation	-

Sr. No.	Particulars of increase/change	Date of Shareholders' meeting	AGM/EGM
	300,000,000/-		
2.	Increase from 30,000,000 Equity Shares aggregating to Rs. 300,000,000/- to 45,000,000 Equity Shares aggregating to Rs. 450,000,000/-	January 31, 2008	EGM
3.	Increase from 45,000,000 Equity Shares aggregating to Rs. 450,000,000/- to 75,000,000 shares aggregating to Rs. 750,000,000 (out of which Equity Shares and Preference Shares are 62,500,000 and 12,500,000 respectively)	March 04, 2010	EGM

NOTES TO CAPITAL STRUCTURE

1. Equity Share Capital History of our Company

Date of Allotment	No. of Equity Shares	Cumulative No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of payment / consideration	Reason(s) for Allotment	Cumulative Paid –up Capital (Rs.)	Cumulative Security premium
January 4, 2007	25,000,000	25,000,000	10	10	On conversion of partners' capital into share capital	Subscription to memorandum[1]	250,000,000	NIL
March 24, 2007	5,000,000	30,000,000	10	200	Conversion of erstwhile partners' unsecured loan into share capital	Conversion of erstwhile partners' unsecured loan into share capital[2]	300,000,000	950,000,000
March 04, 2010	1,500,000	45,000,000	10	-	Bonus (1:2)	Bonus Allotment[3]	450,000,000	2,075,000,000

[1]*Issue of Equity Shares to the partners of the erstwhile partnership firm, C. Mahendra Exports, i.e. Mr. Mahendra C. Shah, Mr. Champaklal K. Mehta, Mr. Pravin C. Shah, Mr. Prakash K. Mehta, Mr. Pravin K. Mehta, Mr. Kanu C. Shah, Mr. Suresh K. Mehta, Mr. Paras C. Mehta, Mr. Sandeep M. Shah, Mr. Samir P. Shah, Mr. Suken P. Shah and Mr. Kevin P. Mehta on account of conversion under Part IX of the Companies Act, 1956 as subscribers' to the MOA.*

[2]*Issue of Equity Shares to Mr. Mahendra C. Shah, Mr. Champaklal K. Mehta, Mr. Pravin C. Shah, Mr. Prakash K. Mehta and Mr. Sandeep M. Shah.*

[3]*Bonus Issue in the ratio of 1 Equity Share for every 2 Equity Shares held (1:2), by way of capitalization of general reserve account to the tune of Rs.150 million.*

Except for what has been stated above our Company has not issued any Equity Share for consideration other than cash. Further, our Company has not allotted any Equity Shares pursuant to any scheme approved under section 391-394 of the Companies Act, 1956. No bonus shares have been issued by capitalizing any revaluation reserve. Our Company has not made any issue of Equity Shares during the preceding one year from the date of the Draft Red Herring Prospectus at a price lower than the Issue Price.

2. Preference Share Capital of our Company

Our Company *vide* Board resolution dated February 03, 2010 and Shareholders resolution dated March 04, 2010 issued 1,25,00,000 6% Redeemable Preference Shares of Rs. 10/ each, at a premium of Rs. 90/- the details of which are mentioned herein below:

Date of Allotment	Details of the Allottee	No. of Preference Shares	Issue Price (Rs.)	Benefits accruing to the Company
March 27, 2010	Mr Mahendra C. Shah	2,510,870	100	Conversion of unsecured loan into share capital*
	Mr. Champaklal K. Mehta	1,364,130	100	
	Mr. Pravin C. Shah	1,195,650	100	
	Mr. Pravin K. Mehta	1,127,720	100	
	Mr. Sandeep M. Shah	956,520	100	
	Mr. Prakash K. Mehta	1,204,350	100	
	Mr. Kanu C. Shah	1,434,780	100	
	Mr. Suresh K. Mehta	893,480	100	
	Mr. Paras C. Mehta	904,890	100	
	Mr. Samir P. Shah	657,610	100	
	Mr. Suken P. Shah	119,570	100	
	Mr. Kevin P. Mehta	130,430	100	
TOTAL		**12,500,000**		

* The conversion of the unsecured loans into share capital has been done at the stipulation of the consortium of Banks

3. Shares issued for consideration other than cash

Except as set out in the table below, we have made no issues of shares for consideration other than cash:

Date of Allotment	No. of Equity Shares	Reasons of Allotment	Benefits accruing to the Company
January 4, 2007	25,000,000	Subscription to Memorandum[1]	None
March 4, 2010	15,000,000	Bonus Allotment	None

[1]*Issue of Equity Shares to the partners of the erstwhile partnership firm, C. Mahendra Exports, i.e. Mr. Mahendra C. Shah, Mr. Champaklal K. Mehta, Mr. Pravin C. Shah, Mr. Prakash K. Mehta, Mr. Pravin K. Mehta, Mr. Kanu C. Shah, Mr. Suresh K. Mehta, Mr. Paras C. Mehta, Mr. Sandeep M. Shah, Mr. Samir P. Shah, Mr. Suken P. Shah and Mr. Kevin P. Mehta on account of conversion under Part IX of the Companies Act, 1956 as subscribers' to the MOA.*

2. Details of Build up, Contribution and Lock-In of Promoters

A. Capital build up of Promoter shareholding

Name of the Promoter	Date of Allotment / acquisition / transaction and when made fully paid up	Nature of Transaction (Allotment/ Transfer)	Nature of consideration (cash, bonus, consideration other than cash)	Number of Equity Shares	Face Value per Equity Share (in Rs.)	Issue Price / Transfer Price per Equity Share (Rs.)	% of pre-Issue share capital	% of post-Issue share capital
Mr. Mahendra C Shah	January 4, 2007	Subscription to memorandum [1]	On conversion of partners' capital into share capital	5,250,000	10	10		
	March 24, 2007	Conversion of erstwhile partners' unsecured loan into share capital	Conversion of erstwhile partners' unsecured loan into share capital	1,050,000	10	200		
	March 8, 2008	Transfer to Mr. Champaklal K Mehta	Cash	(228,261)	10	10		
	March 8, 2008	Transfer to Mr. Champaklal K Mehta	Cash	(45,652)	10	200		
	March 04, 2010*	Bonus allotment	Bonus	30,13,044	10			
	Sub total (A)			**9,039,131**			**20.09**	**15.07**
Mr. Champaklal K Mehta	January 4, 2007	Subscription to memorandum [1]	On conversion of partners' capital into share capital	2,500,000	10	10		
	March 24, 2007	Conversion of erstwhile partners' unsecured loan into share capital	Conversion of erstwhile partners' unsecured loan into share capital	500,000	10	200		
	March 8, 2008	Transfer from Mr. Mahendra C Shah	Cash	228,261	10	10		
	March 8, 2008	Transfer from Mr. Mahendra C Shah	Cash	45,652	10	200		
	March 04, 2010*	Bonus allotment	Bonus	1,636,956	10	-		
	Sub total (B)			**4,910,869**			**10.91**	**8.18**
Mr. Pravin C. Shah	January 4, 2007	Subscription to	On conversion of	2,500,000	10	10		

Name of the Promoter	Date of Allotment / acquisition / transaction and when made fully paid up	Nature of Transaction (Allotment/ Transfer)	Nature of consideration (cash, bonus, consideration other than cash)	Number of Equity Shares	Face Value per Equity Share (in Rs.)	Issue Price / Transfer Price per Equity Share (Rs.)	% of pre-Issue share capital	% of post-Issue share capital
		memorandum [1]	partners' capital into share capital					
	March 24, 2007	Conversion of erstwhile partners' unsecured loan into share capital	Conversion of erstwhile partners' unsecured loan into share capital	500,000	10	200		
	March 8, 2008	Transfer to Mr. Prakash K. Mehta	Cash	(108,696)	10	10		
	March 8, 2008	Transfer to Mr. Prakash K. Mehta	Cash	(21,739)	10	200		
	March 04, 2010*	Bonus allotment	Bonus	14,34,783	10	-		
	Sub total (C)			**4,304,348**			**9.57**	**7.17**
Mr. Pravin K. Mehta	January 4, 2007	Subscription to memorandum [1]	On conversion of partners' capital into share capital	2,125,000	10	10		
	March 24, 2007	Conversion of erstwhile partners' unsecured loan into share capital	Conversion of erstwhile partners' unsecured loan into share capital	425,000	10	200		
	March 8, 2008	Transfer from Mr. Kanu C. Shah	Cash	130,435	10	10		
	March 8, 2008	Transfer from Mr. Kanu C. Shah	Cash	26,087	10	200		
	March 04, 2010*	Bonus allotment	Bonus	1,353,261	10	-		
	Sub total (D)			**4,059,783**			**9.02**	**6.77**
Mr. Sandeep M Shah	January 4, 2007	Subscription to memorandum [1]	On conversion of partners capital into share capital	2,000,000	10	10		
	March 24, 2007	Conversion of erstwhile partners'	Conversion of erstwhile partners'	400,000	10	200		

Name of the Promoter	Date of Allotment / acquisition / transaction and when made fully paid up	Nature of Transaction (Allotment/ Transfer)	Nature of consideration (cash, bonus, consideration other than cash)	Number of Equity Shares	Face Value per Equity Share (in Rs.)	Issue Price / Transfer Price per Equity Share (Rs.)	% of pre-Issue share capital	% of post-Issue share capital
		unsecured loan into share capital	unsecured loan into share capital					
	March 8, 2008	Transfer to Mr. Suresh K. Mehta	Cash	(86,957)	10	10		
	March 8, 2008	Transfer to Mr. Suresh K. Mehta	Cash	(17,391)	10	200		
	March 04, 2010*	Bonus allotment	Bonus	1,147,826	10			
	Sub total (E)			**3,443,478**			**7.65**	**5.74**
	Promoter holding (A+B+C+D+E)			**25,757,609**			**57.24**	**42.93**

[1]*Issue of Equity Shares to the partners of the erstwhile partnership firm, C. Mahendra Exports, on account of conversion under Part IX of the Companies Act, 1956 as subscribers' to the MOA.*

**Bonus Issue in the ratio of 1 Equity Share for every 2 Equity Shares held (1:2), by way of capitalization of general reserve account to the tune of Rs 150 million.*

B. Details of Promoter's contribution locked-in for three years.

Pursuant to the provisions of SEBI ICDR Regulations, an aggregate of 20% of the post-Issue Equity Capital of the Company held by Promoters shall be locked in for a period of three years from the date of Allotment of Equity Shares in the Issue. The details of such lock in are given below:

Name of the Promoter	Date of Allotment/ Transfer and made fully paid-up	Nature of acquisition (Allotment/ transfer)	Nature of consideration	Number of Equity Shares locked in	Face Value (in Rs.)	Issue Price / Transfer Price (Rs.)	% of Post Issue paid-up capital
Mr. Mahendra C. Shah	January 04, 2007	Subscription to memorandum[1]	On conversion of partners' capital into share capital	2,547,000	10	10	
	March 04, 2010	Bonus Issue[2]	Bonus allotment	10,06,954	10	-	
Sub Total (A)				**3,553,954**	**-**	**-**	**5.92**
Mr. ChampaklalK. Mehta	January 4, 2007	Subscription to memorandum[1]	On conversion of partners' capital into share capital	2,120,000	10	10	
	March 4, 2010	Bonus Issue[2]	Bonus allotment	8,38,140	10	-	
Sub Total (B)				**2,958,140**	-	-	**4.93**
Mr. Pravin C.	January 4,	Subscription to	On conversion	1,213,000	10	10	

Name of the Promoter	Date of Allotment/ Transfer and made fully paid-up	Nature of acquisition (Allotment/ transfer)	Nature of consideration	Number of Equity Shares locked in	Face Value (in Rs.)	Issue Price / Transfer Price (Rs.)	% of Post Issue paid-up capital
Shah	2007	memorandum[1]	of partners' capital into share capital				
	March 4, 2010	Bonus Issue[2]	Bonus allotment	479,558	10	-	
Sub Total (C)				**1,692,558**	-	-	**2.82**
Mr. Pravin K. Mehta	January 4, 2007	Subscription to memorandum[1]	On conversion of partners' capital into share capital	1,750,000	10	10	
	March 4, 2010	Bonus Issue[2]	Bonus allotment	691,860	10	-	
Sub Total (D)				**2,441,860**	-	-	**4.07**
Mr. Sandeep M. Shah	January 4, 2007	Subscription to memorandum[1]	On conversion of partners' capital into share capital	970,000	10	10	
	March 04, 2010	Bonus Issue[2]	Bonus allotment	383,488	10	-	
Sub Total (E)				**1,353,488**			**2.26**
Total (A+B+C+D+E)				**12,000,000**			**20.00**

[1]Issue of Equity Shares to the partners of the erstwhile partnership firm, C. Mahendra Exports, on account of conversion under Part IX of the Companies Act, 1956 as subscribers' to the MoA on January 04, 2007.

[2] Bonus Issue in the ratio of 1 Equity Share for every 2 Equity Shares held (1:2), by way of capitalization of general reserve account to the tune of Rs. 150 million.

In compliance with Regulation 33 sub-regulation (1) clause (c) of the SEBI ICDR Regulations, the aforesaid shares are eligible to form part of Promoter's contribution.

Our Promoters have given their specific written consent for inclusion of the aforesaid Equity Shares as a part of Promoter's contribution which is subject to lock-in for a period of 3 years from the date of Allotment of Equity Shares in the proposed Issue. The above Equity Shares are eligible for computation of Promoter's contribution and lock-in in terms of Regulation 33 of SEBI ICDR Regulations.

Other than the Equity Shares locked-in as Promoter's contribution for a period of three years as stated in the table above, the entire pre-Issue capital of our Company comprising of 33,000,000 Equity Shares shall be locked in for a period of one year from the date of Allotment of Equity Shares in the Issue as per Regulation 36 clause (b) and Regulation 37 of the SEBI ICDR Regulations. Any Equity Shares allotted to Anchor Investors in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.

The Promoters' contribution has been brought in being not less than the specified minimum lot and from the persons defined as Promoters under the SEBI ICDR Regulations.

3. We confirm that the minimum Promoters' contribution of 20% which is subject to lock-in for three years as per Regulation 33 of SEBI ICDR Regulations does not consist of:

- Equity Shares acquired three years before the filing of the Draft Red Herring Prospectus with SEBI for consideration other than cash and revaluation of assets or capitalisation of intangible assets, involved in such transactions or resulting from a bonus issue by utilization of revaluation reserves or unrealised profits of our Company or from bonus issue against Equity Shares which are ineligible for minimum Promoters' contribution.
- Securities acquired by our Promoters during the preceding one year, at a price lower than the price at which Equity Shares are being offered to the public in the Issue.
- Equity Shares issued to our Promoters on conversion of partnership firms into limited company during the preceding one year at a price less than the Issue Price, against funds brought in by them during that period;
- Equity Shares for which specific written consent has not been obtained from the respective shareholders for inclusion of their subscription in the minimum Promoter's contribution subject to lock-in;
- Pledged Equity Shares held by our Promoters.

4. In terms of Regulation 39 of the SEBI ICDR Regulations, the Equity Shares held by our Promoters locked-in for a period of one year can be pledged with any scheduled commercial banks or public financial institutions as collateral security for loans granted by such scheduled commercial banks or public financial institutions, provided that the pledge of shares is one of the terms of sanction of such loan.

Further, the Equity Shares which have been locked-in for a period of three years as minimum Promoter's contribution can be pledged with any scheduled commercial banks or public financial institutions only if, in addition to fulfilling the aforesaid requirements, the loan (for which the Equity Shares are pledged) is towards financing one or more objects of this Issue. However, as on date of the Draft Red Herring Prospectus, none of the Equity Shares held by our Promoter have been pledged to any person, including banks and financial institutions.

In terms of undertaking executed by our Promoters, Equity Shares forming part of Promoter's contribution subject to lock-in will not be disposed/ sold/ transferred by our Promoters during the period starting from the date of filing of the Draft Red Herring Prospectus with SEBI till the date of commencement of lock in period as stated in the Draft Red Herring Prospectus.

5. Details of shareholding pattern of our Company, before and after the Issue

Name of shareholder	Pre-Issue		Post-Issue	
	No. of Equity Shares	% Holding	No. of Equity Shares	% Holding
Promoters				
Mr Mahendra C Shah	9,039,131	20.09%	9,039,131	15.07%
Mr. Champaklal K Mehta	4,910,869	10.91%	4,910,869	8.18%
Mr. Pravin C. Shah	4,304,348	9.57%	4,304,348	7.17%
Mr. Pravin K Mehta	4,059,783	9.02%	4,059,783	6.77%
Mr. Sandeep M Shah	3,443,478	7.65%	3,443,478	5.74%
Sub-Total (A)	**25,757,609**	**57.24%**	**25,757,609**	**42.93%**
Promoter Group (other than Promoters)				
Mr. Prakash K Mehta	4,335,652	9.63%	4,335,652	7.23%
Mr. Kanu C Shah	5,165,217	11.48%	5,165,217	8.61%
Mr. Suresh K Mehta	3,216,522	7.15%	3,216,522	5.36%
Mr. Paras C Mehta	3,257,610	7.24%	3,257,610	5.43%
Mr. Samir P Shah	2,367,390	5.26%	2,367,390	3.95%
Mr. Suken P Shah	430,434	0.96%	430,434	0.72%
Mr. Kevin P Mehta	469,566	1.04%	469,566	0.78%
Sub-Total (B)	**19,242,391**	**42.76%**	**19,242,391**	**32.07%**
Others	-	-	-	-
Sub Total (C)	**-**	**-**	**-**	**-**
Total Pre Issue Capital (A) + (B) + (C)	**45,000,000**	**100.00**	**45,000,000**	**75.00%**
Public Issue	**-**	**-**	**15,000,000**	**25.00%**

Name of shareholder	Pre-Issue		Post-Issue	
	No. of Equity Shares	% Holding	No. of Equity Shares	% Holding
Total Post Issue capital	**--**	**-**	**60,000,000**	**100.00%**

6. Equity Shares held by our Promoters which are locked in as per the provisions of Regulation 36 of the SEBI ICDR Regulations, may be transferred to and amongst Promoters/ Group Companies or to a new promoter or persons in control of our Company, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of SEBI Takeover Regulations, as applicable.

7. Equity Shares held by persons other than Promoters, which are locked in as per the provisions of Regulation 37 of SEBI ICDR Regulation may be transferred to any other person holding shares prior to the Issue, subject to continuation of lock-in with transferees for the remaining period and compliance with the SEBI Takeover Regulations, as applicable.

8. The top ten shareholders of our Company and their shareholding is as set forth below

(a) Particulars of the top ten shareholders as on the date of filing the Draft Red Herring Prospectus with SEBI:

Sr. No.	Name of the Shareholder	Number of Equity Shares	% of Total Paid-Up Capital
1.	Mr Mahendra C Shah	9,039,131	20.09
2.	Mr. Kanu C Shah	5,165,217	11.48
3.	Mr. Champaklal K Mehta	4,910,869	10.91
4.	Mr. Prakash K Mehta	4,335,652	9.63
5.	Mr. Pravin C Shah	4,304,348	9.57
6.	Mr. Pravin K Mehta	4,059,783	9.02
7.	Mr. Sandeep M Shah	3,443,478	7.65
8.	Mr. Paras C Mehta	3,257,610	7.24
9.	Mr. Suresh K Mehta	3,216,522	7.15
10.	Mr. Samir P Shah	2,367,390	5.26
	Total	**44,100,000**	**98.00**

(b) Particulars of top ten shareholders ten days prior to the date of filing the Draft Red Herring Prospectus with SEBI.

Sr. No.	Name of the Shareholder	Number of Equity Shares	% of Total Paid-Up Capital
1.	Mr Mahendra C Shah	9,039,131	20.09
2.	Mr. Kanu C Shah	5,165,217	11.48
3.	Mr. Champaklal K Mehta	4,910,869	10.91
4.	Mr. Prakash K Mehta	4,335,652	9.63
5.	Mr. Pravin C Shah	4,304,348	9.57
6.	Mr. Pravin K Mehta	4,059,783	9.02
7.	Mr. Sandeep M Shah	3,443,478	7.65
8.	Mr. Paras C Mehta	3,257,610	7.24
9.	Mr. Suresh K Mehta	3,216,522	7.15
10.	Mr. Samir P Shah	2,367,390	5.26
	Total	**44,100,000**	**98.00**

(c) Particulars of the top ten shareholders two years prior to the date of filing of the Draft Red Herring Prospectus with SEBI.

Sr. No.	Name of the Shareholder	Number of Equity Shares	% of Total Paid-Up Capital
1.	Mr Mahendra C Shah	6,026,087	20.09
2.	Mr. Kanu C Shah	3,443,478	11.48
3.	Mr. Champaklal K Mehta	3,273,913	10.91

4.	Mr. Prakash K Mehta	2,890,435	9.63
5.	Mr. Pravin C Shah	2,869,565	9.57
6.	Mr. Pravin K Mehta	2,706,522	9.02
7.	Mr. Sandeep M Shah	2,295,652	7.65
8.	Mr. Paras C Mehta	2,171,740	7.24
9.	Mr. Suresh K Mehta	2,144,348	7.15
10.	Mr. Samir P Shah	1,578,260	5.26
	Total	**29,400,000**	**98.00**

9. The Equity Shares which are subject to lock-in shall carry the inscription 'non-transferable' and lock-in period and the non-transferability of Equity Shares shall be intimated to the depositories namely NSDL and CDSL. The details of the lock-in of the Equity Shares shall also be provided to the Designated Stock Exchange before the listing of the Equity Shares.

10. None of our Promoters or their associates, Group Companies, Directors of our Company, the Directors of our Group Companies have purchased or sold any Equity Shares during a period of 6 months preceding the date of filing of the Draft Red Herring Prospectus with SEBI.

11. Our Company, our Promoters, our Directors and the BRLMs have not entered into any buy back or standby or safety-net or similar arrangements for the purchase of Equity Shares being offered through the Issue from any person.

12. Except as disclosed in the Draft Red Herring Prospectus, we have not issued any Equity Shares out of revaluation reserves or for consideration other than cash.

13. None of the persons/entities comprising our Promoter Group or our Directors or their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of the business of any such entity/individual or otherwise during the period of six months immediately preceding the date of filing Draft Red Herring Prospectus with SEBI.

14. The BRLMs and their associates do not hold any Equity Shares in our Company.

15. Our Company shall ensure that transactions in the Equity Shares by our Promoters and our Promoter Group between the date of registering the Red Herring Prospectus with the RoC and the Bid/Issue Closing Date shall be reported to the Stock Exchanges within twenty-four hours of such transaction.

16. Our Company has not raised any bridge loan against the proceeds of the Issue.

17. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearest multiple of allotment lot, while finalising the Basis of Allotment.

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

In this Issue, in case of over-subscription in all categories, atleast 50% of the Issue shall be Allotted on a proportionate basis to Qualified Institutional Buyers ("QIBs"), of which 5% shall be reserved for Mutual Funds. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

18. Under-subscription, if any, in Retail Portion and Non-Institutional Portion shall be allowed to be met with spillover from the other categories, at the sole discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange. Allocation in all the aforesaid categories shall be on a proportionate basis. For more details, please refer to the paragraph titled *"Method of Proportionate Basis of Allocation in the Issue"* beginning on page 271 under chapter titled *"Issue Procedure"* of the Draft Red Herring Prospectus.

19. The Issue is being made in terms of sub-clause (a)(i) and (b)(i) of clause (2) of Regulation 26 of the SEBI ICDR Regulation wherein at least 50% of the Issue shall be Allotted to QIBs failing which the full

subscription money shall be refunded and the minimum post-issue face value capital of the Company is more than ten crore rupees.

20. Our Company may allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Price on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the net QIB Portion. 5% of the net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the net QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the net QIB Portion and allocated proportionately to the QIBs in proportion to their Bids.

21. None of our Directors or key managerial personnel hold any Equity Shares in our Company except as under:

Name of shareholder	Number of shares
Mr Mahendra C Shah	9,039,131
Mr. Champaklal K Mehta	4,910,869
Mr. Sandeep M Shah	3,443,478
Mr. Kanu C Shah	5,165,217
Mr. Suresh K Mehta	3,216,522
Mr. Paras C Mehta	3,257,610
Mr. Samir P Shah	2,367,390
Mr. Suken P Shah	430,434
Total	**31,830,651**

22. The Equity Shares are fully paid up and there are no partly paid up Equity Shares as on the date of filing the Draft Red Herring Prospectus with SEBI.

23. Since the entire money in respect of the issue is being called on application, all the successful applicants will be issued fully paid-up shares.

24. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of filing the Draft Red Herring Prospectus with SEBI until the Equity Shares issued/ proposed to be issued pursuant to the Issue have been listed.

25. We presently do not have any intention or proposal to alter our capital structure for a period of six (6) months from the date of opening of the Issue, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly, for our Equity Shares) except that if we acquire companies / business or enter into joint venture(s), we may consider additional capital to fund such activities or to use Equity Shares as a currency for acquisition or participation in such joint ventures.

26. As per the extant policy, OCBs are not permitted to participate in the Issue. Sub accounts of FIIs who are foreign corporates or foreign individuals are not QIBs, and hence cannot Bid in the QIB Portion in the Issue.

27. Our Company does not have any ESOS/ESPS scheme for our employees and we do not intend to allot any Equity Shares to our employees under ESOS/ESPS scheme from the proposed Issue.

28. Our Promoter and entities belonging to the Promoter Group will not participate in the Issue.

29. No payment, direct or indirect, in the nature of discount, commission, allowance or otherwise shall be made either by us or our Promoters to the persons who receive Allotments, if any, in this Issue.

30. As on the date of filing of the Draft Red Herring Prospectus there are no outstanding warrants, options or rights to convert debentures, loans, or other financial instruments into our Equity Shares.

31. There shall be only one denomination of Equity Shares of our Company unless otherwise permitted by law. Our Company shall comply with disclosure and accounting norms as may be specified by SEBI from time to time.

32. The Equity Shares would be issued and traded on BSE and NSE only in dematerialised form. Hence the market lot of the Equity Shares is 1 (one).

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

34. A Bidder cannot make a Bid for more than the number of Equity Shares offered to the public through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of Bidders.

35. Our Company has twelve (12) shareholders as on the date of filing the Draft Red Herring Prospectus with SEBI.

36. In respect of various agreements entered into by our Company with the lenders and the sanction letters issued by the lenders, our Company is bound by certain restrictive covenants. Pursuant to the above, we have obtained prior written approval from the lenders namely Bank of Baroda State Bank of Mysore, Bank of India, Corporation Bank, Canara Bank, State Bank of Travancore, State Bank of Indore, State Bank of Bikaner & Jaipur, State Bank of India, Indian Bank, State Bank of Patiala,Central Bank of India, HDFC Bank Limited, IndusInd Bank Limited and Punjab National Bank.

For further details on the restrictive covenants contained in the various financing documents, please refer to the chapter titled *"Financial Indebtedness"* beginning on page 209 of the Draft Red Herring Prospectus.

SECTION IV - PARTICULARS OF THE ISSUE

OBJECTS OF THE ISSUE

The Objects of the Issue are to:

i. Finance setting up of a diamond processing unit at Gujarat Hira Bourse, SEZ, Ichchhapore, Surat
ii. Finance setting up a jewellery manufacturing unit at Mumbai
iii. Finance setting up retail outlets
iv. Finance brand development expenses
v. Investment in capital of C. Mahendra BVBA
vi. General corporate purposes and
vii. Achieve the benefits of listing on the Stock Exchanges

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

Our Company intends to utilize the proceeds of the Issue, after deducting the Issue related expenses which is estimated at Rs. [●] million ("Net Proceeds") for financing the above-mentioned objects. The Issue expenses, if any, paid out of the internal accrual will be replenished by the proceeds of the Issue.

Utilization of Net Proceeds

The fund requirements of the objects mentioned above are as follows:

Sr. No.	Description	Amount *(Rs. in millions)*
i.	Finance setting up of a diamond processing unit at Gujarat Hira Bourse, SEZ, Ichchhapore, Surat	360.57
ii.	Finance setting up of a jewellery manufacturing unit at Mumbai	236.36
iii.	Finance setting up retail outlets	300.00
iv.	Finance brand development expenses	200.00
v.	Investment in capital of C. Mahendra BVBA	800.00
vi.	General corporate purposes	**[●]**
	Total	**[●]**

The fund requirement and deployment are based on internal management estimates, vendors' quotations and have not been appraised by any bank or financial institution. These are based on current market conditions and are subject to change in light of changes in external circumstances or costs or changes in our financial conditions, change in exchange rate, business or strategy, etc.

In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in the Issue.

No part of the Issue proceeds will be paid by us as consideration to our Promoters, Directors, Key Management Personnel or companies promoted by our Promoters, except in the normal course of business.

Means of Finance

Sr. No.	Particulars	Amount *(Rs. in millions)*
1	Net Proceeds	**[●]**
2	Internal accruals	**[●]**
Total		**[●]**

In case of a shortfall in the Net Proceeds, we may explore a range of options including utilizing our internal accruals, and/or seeking additional debt from existing and or other lenders. As per the restated standalone financial statements of our Company, internal cash accruals for the six months period ended September 30, 2009 was Rs. 112.68 million as certified by our Auditor M/s. Suresh Surana & Associates vide certificate dated March 29, 2010.

We propose to meet our expenditure towards the Objects of the Issue entirely out of the proceeds of the Issue and hence, no amount is proposed to be raised through any other means of finance. Accordingly, Clause VII

C of Part A of Schedule VIII of the ICDR Regulations (which requires firm arrangements of finance through verifiable means for 75% of the stated means of finance, excluding the amount to be raised through the proposed issue) does not apply.

We operate in a highly competitive, dynamic market environment and may have to revise our estimates from time to time on account of new initiatives that we may pursue including any potential acquisition opportunities. Consequently, our fund requirements may also change accordingly. Any such change in our plans may require rescheduling of our expenditure programs, at the discretion of our management.

Details of Objects

i Setting up of a diamond cutting and polishing unit at* Gujarat Hira Bourse, *SEZ, Ichchhapore, Surat

Our Company intends to utilize Rs. 360.57 million to set up another diamond cutting and polishing unit with modern technologies at Gujarat Hira Bourse SEZ, Ichchhapore, Surat in order to meet the increasing demand for CPD in market as well as to supply CPD to our new jewellery manufacturing unit to be set up in Mumbai for captive consumption. Further, this will also entail tax benefit to our Company.

The factory would have facilities for sawing, bruting, polishing, assortments of diamonds, strong rooms and maintenance rooms for equipments of administrative offices.

A detailed break-up of the fund requirement for setting up the aforesaid diamond cutting and polishing unit is as follows:

Sr. No.	Particulars	Basis of estimation	Estimated cost *(Rs. in millions)*
1	Land use rights cost - land admeasuring approximately 3,000 sq. yards. (including registration charge and other expenses)	As per estimate given by Gujarat Hira Bourse	14.81[#]
2	Construction of factory/office	As per estimate dated March 18, 2010 by Mr. Manish J. Makwana, architect-engineer	92.30
3	Furnitures/Fixtures and Lift / Elevators	As per estimate dated March 18, 2010 by Mr. Rakesh J. Makwana, interior designer	68.22
4	Central Air Conditioning Plant	As per management estimate	6.60
5	Electrical Installation	As per management estimate	8.90
6	Machineries*	a) Vide estimate no. STPL/CMEL/054/09-10 dated February 27, 2010 provided by Sahajanand Technologies (Private) Limited b) Vide estimate No. BDE/II/MUM/014/2009-10 dated February 16, 2010 provided by Esteem Diamond Systems Pvt. Ltd. c) Vide estimate No. BDE/DIALIT/115/2009-10 dated March 16, 2010 provided by Esteem Diamond Systems Pvt. Ltd. c) Vide quotation dated February 16, 2010 from	166.44

Sr. No.	Particulars	Basis of estimation	Estimated cost *(Rs. in millions)*
		Bombay Engineers d) vide quotation dated February 15, 2010 from Laxmi Technologies e) vide price quotation CQ0000357 - Software dated February 24, 2010 from Sarin Technologies Ltd. f) vide price quotation CQ0000357 - Hardware dated February 24, 2010 from Sarin Technologies Ltd. g) vide price quotation CQ0000356 - Hardware dated February 24, 2010 from Sarin Technologies Ltd. h) vide price quotation CQ0000356 - Software dated February 24, 2010 from Sarin Technologies Ltd. i) vide price quotation dated March 19, 2010 from Lexus Softmac	
7	Preliminary & Pre-operative Expenses and Contingency	As per management estimate	3.30
Total			**360.57**

[#]Out of which Rs. 6.00 millions has already been deployed and paid to Gujarat Hira Bourse.

** Quotations received in USD have been converted at Rs. 45.2680 per US Dollar as on March 22, 2010 (Source: www.oanda.com)*

Schedule of Implementation

Sr. No.	Activity	Expected Commencement	Expected Completion
1	Land	-	July 2011
2	Civil Work & Building	August 2010	March 2011
3	Installation of Plant & Machinery	February 2011	May 2011
4	Trial Production	June 2011	-
5	Commercial Production	-	June 2011

ii Finance setting up of a jewellery manufacturing unit in Mumbai

Our Company intends to utilize Rs. 236.36 million for setting up a jewellery manufacturing facility in Mumbai which will enable us to widen our product portfolio in the growing diamond studded jewellery market. For further information on our growth strategy and the benefits accruing therefrom, please refer to "Business Overview" on page 66 of the Draft Red Herring Prospectus.

A detailed break-up of the fund requirement for setting up the aforesaid jewellery manufacturing unit is as follows:

Sr. No.	Particulars	Basis of estimation	Estimated cost (Rs. in millions)
1	Acquisition cost of factory premises admeasuring 20,000 sq. ft.(including registration charge and other expenses)	As per management estimate	100.00
2	Furnitures and Fixtures	As per management estimate	50.00
3	Plants & Machinery*	i) vide price quotation dated February 26, 2010 by Cascade Star Inc., Mumbai; ii) vide price quotation dated March 12, 2010 by Wintech Jewels Equipment Private Limited, Mumbai; iii) vide price quotation dated March 12, 2010 by Jewel Tool International, Mumbai; iv) vide price quotation dated February 26, 2010 by Yasui & Co., Japan; v) vide price quotation dated January 19, 2010 by KWS Pforzheim, Pforzheim; vi) vide price quotation dated January 19, 2010 by S.P. Ultrasonic, Mumbai; vii) vide price quotation dated March 5, 2010 by Vapson Jewellery Equipment Private Limited, Mumbai; viii) vide price quotation dated, March 5, 2010 by Ankitst Exim Inc., Mumbai; ix) vide price quotation dated March 16, 2010 by Amit Trading Co., Mumbai;	18.81
4	Electrical Installation	As per management estimate	20.00
5	IT-Hardware and Software	As per management estimate	10.00
6	Consumables and accessories	As per management estimate	20.00
7	Central Air Conditioning Plant	vide price quotation dated January 22, 2010 by C. Rao & Co., Mumbai	14.55
8	Preliminary & Pre-operative Expenses and Contingency	As per management estimate	3.00
Total			**236.36**

** Quotations received in USD have been converted at Rs. 45.2680 per US Dollar, Rs. 0.49962 per Japanese Yen and Rs. 61.2263 per Euro as on March 22, 2010 (Source: www.oanda.com)*

Schedule of Implementation

Sr. No.	Activity	Expected Commencement	Expected Completion
1	Acquisition of Factory Premises	June 2010	September 2010
2	Installation of Plant & Machineries	October 2010	May 2011
3	Miscellaneous Fixed Assets	December 2010	March 2011
4	Trial Production	June 2011	-
5	Commercial Production	-	June 2011

iii. Finance setting up retail outlets

Our Company intends to open 15 new exclusive retail outlets by year 2011. Over the years, our Group has opened 8 exclusive retail stores and has 1 Franchisee Store. Based on our experience and management estimates, our Company intends to earmark Rs. 300 million out of the Net Proceeds for opening of the aforesaid 15 exclusive retail outlets. The Average Area of retal store is around 400 to 500 Sq.Ft.
Based on the findings of an in-house market survey, our Company intends to open the exclusive retail outlets at the following locations:

East Zone		West Zone		North Zone		South Zone	
City	**No. of stores**	**City**	**No. of Stores**	**City**	**No. of stores**	**City**	**No. of Stores**
Kolkata	1	Mumbai	2	Delhi & NCR	2	Cochin	1
Rourkela	1	Pune	1	Chandigarh	1	Bangalore	1
Raipur	1	Surat	1			Coimbatore	1
		Ahmedabad	1				
		Vadodara	1				
Total	**3**	**Total**	**6**	**Total**	**3**	**Total**	**3**

Schedule of Implementation

The table below shows the expected completion schedule of our exclusive retail outlets at various zones:

Zone	F.Y. 2010-11	F.Y. 2011-12	F.Y. 2012-13	Total
East	-	2	1	**3**
West	1	4	1	**6**
North	1	2	-	**3**
South	1	1	1	**3**
Total	**3**	**9**	**3**	**15**

iv Finance brand development expenses

Going forward, in order to establish our jewellery brand 'Ciemme', our Company intends to deploy Rs. 200.00 million out of the Net Proceeds, as detailed in the following table:

Sr. No.	Particulars	Amt. (Rs in millions)
1	Brand Ambassador	50.00
2	Electronic Media	40.00
3	Print Media	30.00
4	Outdoor Media	30.00
5	Instore Branding	20.00
6	Trade Shows	20.00
7	Direct Mailing	8.00
8	Contingency	2.00
Total		**200.00**

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

iii Investment in capital of C. Mahendra BVBA

One of the key success factor for diamond companies is to procure the best quality diamonds (cut, clarity, carat and colour) of various shapes & sizes at the most competitive rates. Antwerp, being the hub for diamond procurement directly from the diamond mining companies, our subsidiary C. Mahendra BVBA, located at Antwerp, enjoys the locational advantage. C. Mahendra BVBA already procures rough diamonds from leading diamond mining companies like DE Beers, ALROSA Company Limited, Russia and its subsidiaries; Harry Winston Diamonds International N.V. and various other companies in Russia, Canada and Africa. Further,

In order to enable C. Mahendra BVBA to further leverage their expertise and source diamonds directly from the diamond mining companies at the most competitive rates, our Company intends to infuse Rs. 800 million out of the Net Proceeds in the form of equity contribution only for the aforesaid purpose.

No dividends from C. Mahendra BVBA have been assured to us with respect to any of our current and future investments in the equity shares of C. Mahendra BVBA.

iv General corporate purposes

The balance amount of Net Proceeds after meeting the aforesaid objects will be used for financing general corporate purposes including but not limited to acquisition of assets and enterprises, funding working capital requirement of our Group and loan repayments or pre-payments and meeting exigencies which our Company in the ordinary course of business may not foresee and any other purposes as approved by our Board of Directors.

Issue Expenses

The total expenses of the Issue will be finalised after determination of Issue Price. The Issue related expenses include, among others, lead management fees, registrar fees, printing and distribution expenses, fee of the legal counsel, advertisement and road show expenses, stamp duty, depository charges, listing fees to the Stock Exchanges, selling commission, IPO grading fees etc. The breakdown of total expenses for the Issue estimated at approximately [●]% of the Issue size is as under:

Sr. No.	Description	Estimated expense* (Rs. In Million)	% of Total Expenses*	% of Total Issue Size*
1	Lead management fee, underwriting and selling commissions and SCSBs' commission	[●]	[●]	[●]
2	Advertising and marketing expenses	[●]	[●]	[●]
3	Printing and stationery	[●]	[●]	[●]
4	IPO grading expenses	[●]	[●]	[●]
5	Others (Fees to the Registrar to the Issue, legal fees, listing fee, etc.)	[●]	[●]	[●]
Total estimated Issue Expenses		**[●]**	**[●]**	**[●]**

** Will be incorporated on finalization of the Issue Price and prior to filing Prospectus with RoC.*

PROPOSED DEPLOYMENT OF FUNDS

Based on our current plan, the break-up for utilization of Issue proceeds of the above mentioned capital expenditure programme is given hereunder:

(Rs. in millions)

Sr. No	Description	Till March 15, 2010	April 1, 2010 – March 31, 2011	April 1, 2011 – March 31, 2012	April 1, 2012 – March 31, 2013	Total Cost
i.	Setting up of a diamond processing unit at Gujarat Hira Bourse, SEZ, Ichchhapore, Surat	6.00	288.13	66.44	--	**360.57**
ii.	Setting up of a jewellery	--	167.55	68.81	--	**236.36**

Sr. No	Description	Till March 15, 2010	April 1, 2010 – March 31, 2011	April 1, 2011 – March 31, 2012	April 1, 2012 – March 31, 2013	Total Cost
	manufacturing unit at Mumbai					
iii.	Setting up retail outlets	--	60.00	180.00	60.00	**300.00**
iv.	Brand development	--	--	120.00	18.00	**200.00**
v.	Investment in C. Mahendra BVBA	--	800.00	--	--	**800.00**
vi.	General corporate purposes	--	[●]	[●]	[●]	**[●]**
Total		**6.00**	**[●]**	**[●]**	**[●]**	**[●]**

Funds Deployed

Till March 15, 2010, our Company has deployed Rs. 23.66 millions, out of internal accruals, for the aforesaid objects, as certified by M/s. Suresh Surana & Associates vide the certificate dated March 29, 2010.

Sr. No.	Particulars	Amount (Rs. in millions)
1	Setting up of a diamond processing unit at Gujarat Hira Bourse, SEZ, Ichchhapore, Surat	6.00
2	Towards Issue Expenses	17.66
Total		**23.66**

Interim Use of Proceeds

The management, in accordance with the policies established by the Board of Directors, will have the flexibility in deploying the Net Proceeds received by us. Pending utilization for the purposes described above, we intend to invest the funds in high quality interest/dividend bearing liquid instruments including money market mutual funds and deposits with banks for the necessary duration and other fixed and variable return instruments.

Monitoring of Utilisation of Funds

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

For risks associated with our proposed utilization of the Net Proceeds of the Issue, see “Risk Factors” on page xv.

BASIC TERMS OF THE ISSUE

Principal Terms and Conditions of the Issue

The Equity Shares being issued are subject to the provisions of the Companies Act, Memorandum of Association and Articles of Association of our Company, the terms of the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, the Bid cum Application Form, ASBA Bid cum Application Form, the Revision Form, CAN, revised CAN the listing agreement with the Stock Exchanges and other terms and conditions as may be incorporated in the Allotment advices and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to all applicable laws, regulations, guidelines, rules, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, Government of India, Stock Exchanges, Registrar of Companies, RBI, FIPB and/or other authorities, as in force on the date of the issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, Memorandum and Articles of Association of our Company and shall rank *pari passu* in all respect with the other existing Equity Shares of our Company including rights in respect of dividends. The Allottees, in receipt of Allotment of Equity Shares under this Issue, will be entitled to dividends, voting rights or any other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, refer to section titled **"***Description of Equity Shares and Terms of the Articles of Association***"** beginning on page 288 of the Draft Red Herring Prospectus.

Mode of Payment of Dividends

The declaration and payment of dividend, if any, will be as per the provisions of the Companies Act.

Face Value and Issue Price

The Equity Shares with a face value of Rs. 10/- each will be offered in terms of the Red Herring Prospectus to be filed with the RoC at a price of Rs. [●] per Equity Share. At any given point of time, there shall be only one denomination for the Equity Shares of our Company, subject to applicable laws. The Floor Price of the Equity Shares is Rs. [●] per Equity Share and Cap Price is Rs. [●] per Equity Share. The Issue Price is [●] times the face value of the Equity Shares.

Price Band

The Price Band shall be from Rs. [●] to Rs. [●] per Equity Share of face value of Rs. 10 each.

Compliance with SEBI Rules and Regulations

Our Company shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders (members) of our Company shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and other preferential claims being satisfied;
- Right of free transferability of Equity Shares; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreement to be executed with the Stock Exchanges and our Memorandum of Association and Articles of Association.

For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividends, forfeiture, transfer, transmission and lien and/or consolidation/splitting, refer section titled "*Description of Equity Shares and Terms of the Articles of Association*" beginning on page 288 of the Draft

Red Herring Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares of our Company in the Issue shall be Allotted only in dematerialized form. As per existing SEBI ICDR Regulations the trading in our Equity Shares shall only be in dematerialized form for all investors, and hence, the tradable lot would be one Equity Share. Allotment in this Issue will be only in electronic form in multiples of [●] Equity Shares, subject to a minimum Allotment of [●] Equity Shares. For further details refer paragraph titled "*Basis of Allotment*" beginning on page 286 under chapter titled "*Issue Procedure*" of the Draft Red Herring Prospectus.

BASIS FOR ISSUE PRICE

The Price Band for the Issue Price will be decided by us in consultation with the BRLMs on the basis of demand from the investors for the Equity Shares through the Book Building Process. The face value of the Equity Shares is Rs. 10/- and the Issue Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Investors should review the entire Draft Red Herring Prospectus, including the sections "Risk Factors", "Industry Overview", "Business Overview" and "Financial Information" on pages xv, 57, 66 and 121, respectively, to get a more informed view before making the investment decision.

Qualitative Factors:

- Integrated diamond and diamond jewellery group in India having presence in major markets across the globe;
- Leading exporter of cut and polished diamonds with a proven track record;
- Experience of over three decades with sound market knowledge;
- Strong marketing and distribution network; and
- Large scale production capabilities with modern equipments and quality standards.

Quantitative Factors:

Information presented below is derived from our restated consolidated financial statements, as of and for the three years ended March 31, 2009, 2008 and 2007, and for the six month period ended September 30, 2009, prepared in terms of the requirements of Paragraph B(1) of Part II of Schedule II of the Companies Act, 1956 ('the Act') and SEBI ICDR Regulations and included in the report dated February 3, 2010 of M/s. Suresh Surana & Associates, Chartered Accountants, as included in the Draft Red Herring Prospectus.

1. Weighted Average Earning per Share (EPS) of Face Value of Rs. 10/-

Fiscal Year	EPS in Rs. (based on restated consolidated financial statements)	Weight
FY 2007	24.29	1
FY 2008	11.41	2
FY 2009	22.07	3
Weighted Average	**18.89**	
Six month period ended September 30, 2009	(1.32)	

Notes:

a) The Ratios has been computed as below:

Earning per Share (Rs.) = Net Profit / (loss) after tax and minority interest/Weighted average number of Equity Shares outstanding during the year /period

b) The above ratios have been computed on the basis of the restated profits for the respective periods/ years as per the Statement of Restated Conslidated Profit and Loss Account.

c) The status of the Company prior to January 4, 2007 was that of a partnership firm. Hence, EPS and NAV per share have been computed for all the periods/ years prior to March 31, 2007 by considering the number of shares outstanding as at January 04, 2007.

d) Earnings per Share is computed in accordance with Accounting Standard (AS) 20 "Earnings Per Share".

2. Price/Earning Ratio (P/E) in relation to Issue Price of Rs. [●] per share of Rs. 10 each

a. P/E ratio based on EPS of [●] for the year / period ended [●] is.[●] at the lower end of the Price Band and.[●] at the higher end of the Price Band;

b. P/E ratio based on weighted average EPS of Rs. 18.89 is [●] at the lower end of the Price Band and [●] at the higher end of the Price Band

c. Industry P/E :

i. Highest: 14.40
ii. Lowest: 6.50
iii. Industry Composite: 12.50

Source: Capital Market Vol.XXV/02 dated March 22 – April 24, 2010

3. **Return on Networth (RONW)**

Fiscal Year	RONW (%)	Weight
FY 2007	40.69	1
FY 2008	16.02	2
FY 2009	26.79	3
Weighted Average	**25.52**	
For the six month period ended September 30, 2009	(1.61)	

a) The Ratios has been computed as below:

Return on Net Worth (%) = Net Profit / (loss) after tax and minority interest X 100/ (Net Worth Excluding Revaluation Reserve at the end of year/period)

b) The above ratios have been computed on the basis of the restated profits for the respective periods/ years as per the Statement of Restated Conslidated Profit and Loss Account.

c) The status of the Company prior to January 4, 2007 was that of a partnership firm. Hence, EPS and NAV per share have been computed for all the periods/ years prior to March 31, 2007 by considering the number of shares outstanding as at January 04, 2007.

4. **Minimum return on total networth** after this Issue required to maintain pre-Issue EPS of [●] is [●]% at lower end of the Price Band and [●]% at higher end of the Price Band.

5. **Net Asset Value (NAV) per share**, post-Issue and comparison with the Issue Price

a. As at March 31, 2009 : Rs. 82.37 per Equity Share
b. As at September 30, 2009 : Rs. 82.89 per Equity Share
c. Issue Price* : Rs. [●] per Equity Share
d. NAV after this Issue : Rs. [●] per Equity Share

**would be compared after discovery of the Issue Price through Book Building*

Notes:

1. The Ratios has been computed as below:

Net Asset Value Per Share (Rs.) = Net Worth Excluding Revaluation Reserve/Number of Equity Shares outstanding at the end of the year / period

2. The status of the Company prior to January 4, 2007 was that of a partnership firm. Hence, EPS and NAV per share have been computed for all the periods/ years prior to March 31, 2007 by considering the number of shares outstanding as at January 04, 2007.

Comparison with Industry Peers / Industry Average

Companies	Price per share *# (Rs.)	Face Value per share (Rs.)	EPS (FY 2009) (Rs.)	NAV (Rs.)	P/E (times)	RONW (%) FY 2009
C. Mahendra Exports Limited	[●]	10.00	22.07	82.37	[●]	26.79
Gitanjali Gems	115.70	10.00	14.60	226.10	7.20	6.80
Shrenuj & Co.	37.90	2.00	1.90	28.60	14.40	6.40
Suashish Diamonds	296.85	10.00	4.30	251.50	6.50	1.60

Source: Capital Market Vol. XXV/02 dated March 22 – April 04, 2010
 # Source: www.bseindia.com

**Closing price per share as on March 29, 2010*

The Issue Price of Rs. [●] has been determined by our Company in consultation with the BRLMs on the basis of the demand from investors for the Equity Shares through the Book Building Process. The BRLMs believe that the Issue Price of Rs. [●] is justified in view of the above qualitative and quantitative parameters. Prospective investors should also review the entire Draft Red Herring Prospectus, including, in particular "Risk Factors", "Business Overview" and "Financial Information" on pages xv, 66 and 121 respectively to have a more informed view.

STATEMENT OF TAX BENEFITS

The below Statement of Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of Equity Shares. The statements made are based on the tax laws in force and as interpreted by the relevant taxation authorities as of date. Investors are advised to consult their tax advisors with respect to the tax consequences of the purchase, ownership and disposal of Equity Shares.

To,
The Board of Directors,
C. Mahendra Exports Limited
1204, Panchratna, Opera House
Mumbai-400 004

Dear Sirs,

We hereby report that we have reviewed the enclosed annexure which states the possible tax benefits available to C. Mahendra Exports Limited ('the Company') and its shareholders under the Income Tax Act, 1961 and the Wealth Tax Act, 1957 presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company or shareholders as the case may be, may or may not choose to fulfil.

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

The Draft Direct Tax Code, Bill 2009 ('DTC') has been released by the Ministry of Finance on 12 August 2009 for public comments. The draft DTC, which is expected to change the tax structure, is open for discussion and after which it will take the form of law. DTC is expected to be implemented from 1 April 2011 and would replace existing Act. Any proposals in DTC may alter the tax benefits discussed in the said enclosed statement. However, since, DTC is yet to be introduced; the impacts of provisions contained in the DTC have not been discussed in this statement of tax benefits.

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

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

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

For **Suresh Surana & Associates**
Chartered Accountants

(Prakash Kotadia)
Partner
Membership No.: 41742

Mumbai
20 March 2010

ANNEXURE TO STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO C. MAHENDRA EXPORTS LIMITED ('THE COMPANY') AND ITS SHAREHOLDERS:

I] Under the Income Tax Act, 1961 ('the Act'):

A) Benefits to the Company:

1. Deduction under section 10B of the Act:

The Company has set up 100% Export Oriented Unit ('EOU') for processing of cut and polished diamonds at Udhana in Surat, in the State of Gujarat and claimed deduction in respect from profits and gains derived from such unit from the Financial Year ('FY') 1999-2000 till 2008-09.

The company has also set up a new unit at Plot No. 37, TPS-RS. No. 352/353, Near Umyamata Mandir, A.K. Road, Varacha, Surat-395008 in FY 2005-06, as an additional unit to the above referred Udhana Unit. For the above referred unit at A K Road as an additional unit to Udhana Unit, an approval from Development Commissioner ('DC') of Kandla Special Economic Zone ('KSEZ') has been obtained as an additional location of the existing Udhana unit.

For A. K. Road unit, the company has constructed a new building and set up the unit with new plant and machinery and equipments. The company has obtained separate Excise Registration from the Excise Authorities.

Although deduction to Udhana unit was available upto FY 2008-09, the Company has been legally advised that it is eligible to claim deduction in respect of profits and gains derived from AK Road unit up to FY 2010-11.

2. Deduction under section 10AA of the Act:

The Company is in process of obtaining possession of a unit in Gujarat Hira Bourse. ('GHB'). The said unit in GHB is notified under the Special Economic Zone, 2005 ('the SEZ' Act). After obtaining an approval from DC and setting up a unit in GHB, the Company would be eligible to claim deduction under section 10AA of the Act subject to fulfilment of conditions mentioned in section 10AA of the Act, the SEZ Act, the Excise and Customs Act and any rules and regulation made there under.

The Company would be eligible to claim the deduction under section 10AA of the Act as follows after fulfilling the conditions under various Acts as mentioned above and obtaining approval from DC:

Years of deduction	**Deduction**
First five consecutive assessment years beginning with the assessment year relevant to the previous year in which the Unit begins to manufacture or produce such articles	100% of the profits and gains derived from the export of articles or things or from service
Next five consecutive assessment years	50% of such profit
Next five consecutive assessment years	So much of the amount not exceeding fifty per cent of the profit as is debited to the profit and loss account of the previous year in respect of which the deduction is to be allowed and credited to Special Economic Zone Re-investment Reserve Account ('SEZRRA')

3. Deduction under section 80-IA of the Act:

The Company has set up two industrial undertakings which generates and distributes wind energy. The profits and gains derived by the Company from such undertakings are eligible for deduction under section 80-IA of the Act, subject to conditions specified in the said section. The benefit of deduction is available only for 10 consecutive assessment years falling within a period of fifteenth assessment years beginning with the assessment year in which undertaking generates or commences generation and distribution of power. The Company has till date not claimed any deduction under section 80-IA of the Act.

During the FY 2008-09, the company has earned net positive income from Mumbai windmill unit which is eligible for deduction under section 80IA of the Act. However, as per section 80IA(5) of the Act for determining the quantum of deduction under section 80(IA), the loss of the earlier years have to be set off against the income of the current year. In earlier years, the company has incurred losses in Mumbai Windmill unit, which was set off against other taxable business income and hence, for FY 2008-09, the losses of earlier years have been set off against income of Mumbai windmill unit. After setting off such brought forward losses, there was no positive income and accordingly, deduction under section 80-IA of the Act has not been claimed.

The details of said two industrial undertaking are as under:

Location of Industrial Undertakings	**Wind Mill Installed at**	**No. of Windmill Machines**	**FY of setting up of 80-IA undertakings/ Commencement of Undertakings**	**Deduction available upto FY**
1204, Panchratna, Opera House, Mumbai-400004	Sangali, Maharashtra	8	2005-2006	2014-15
26, Kadampalli Society, Near Sneh Millan Garden, Timaliyawad, Nanpura, Surat -395001	Taluka-Abdasa, Kutch, Gujarat	2	2007-2008	2016-17

4. Deduction under section 35D of the Act:

Under section 35D of the Act, the Company is eligible to claim amortization of defined preliminary expenses, subject to limits specified in sub-section (3) of the said section.

5. Depreciation benefits:

Under section 32 of the Act, the Company is entitled to claim depreciation at the prescribed rates on specified tangible and intangible assets used by the Company for the purpose of its business and subject to other conditions listed in the Act. In respect of Windmill, the Company is entitled to claim depreciation @ 80% on written down value of it.

6. Minimum Alternate Tax ('MAT') and Credit for the same:

The Company would be required to pay tax on its book profits under the provisions of section 115JB of the Act in case where tax on its 'total income' [as term defined under section 2(45) of the Act] is less than 15% of its 'book profits' (as term defined under section 115JB of the Act). Such tax is referred to as MAT.

The difference between the MAT paid for any assessment year and the tax on its total income payable for that assessment year shall be allowed to be carried forward as 'MAT credit'. The MAT credit shall be utilized to be set off against taxes payable on the total income in the subsequent assessment years computed in accordance with the provisions other than Section 115JB. However, it can be carried forward upto 7 (10 from

the assessment year 2010-11) assessment years succeeding the assessment year in which such MAT was paid.

7. Dividend exempt under section 10(34) and 10(35) of the Act:

Dividend (whether interim or final) received by the Company from its investment in shares of another domestic company would be exempt as per the provisions of section 10(34) read with section 115O of the Act. Further, income received from units of a Mutual Fund specified under section 10(23D) of the Act would also be exempt as per the provisions of section 10(35) of the Act. However, a domestic company / a mutual fund have to pay Dividend Distribution Tax ('DDT') on the amount of dividend declared, distributed or paid. From assessment year 2009-10 onwards, while computing the DDT payable, the domestic company can reduce the amount of dividend received from its subsidiary, which has paid the DDT on such dividend distributed subject to fulfilment of certain conditions prescribed therein.

B) Benefits to the Resident Shareholders:

1. Dividends exempt under section 10(34) of the Act:

Dividend (whether interim or final) received by a shareholder from investment in shares of a domestic company would be exempt in the hands of the shareholders as per the provisions of section 10(34) read with section 115O of the Act. However, the Company has to pay DDT on the amount of dividend declared, distributed or paid.

2. Characterization of income:

The characterization of gains/losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of shareholder and various other factors.

3. Computation of capital gains:

i) Capital assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. Shares held in a Company, any other listed securities, units of UTI, units of Mutual Fund and Zero Coupon Bonds are considered as long-term capital assets, if these are held for a period exceeding twelve months.

ii) Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long-term capital gains shareholders are permitted to substitute the cost of acquisition/improvement with the indexed cost of acquisition/improvement. The indexed cost of acquisition/improvement, adjusts the cost of acquisition/improvement by a cost inflation index, as prescribed from time to time. The indexed cost of acquisition/improvement is not available to a non-resident shareholder.

iii) As per the provisions of section 112 of the Act, long-term capital gains are subject to tax at a rate of 20% (plus applicable surcharge[1] and education cess). However, proviso to section 112(1) of the Act specifies that if the long-term capital gains arising on transfer of listed securities or units, calculated at the rate of 20% with indexation benefit exceeds the capital gains computed at the rate of 10% without indexation benefit, then such capital gains are chargeable to tax at the rate of 10% without indexation benefit (plus applicable surcharge[1] and education cess).

iv) According to the proviso to clause (a) of sub-section (1) of section 112 of the Act, in case of an individual and a Hindu Undivided Family ('HUF'), if the total income as reduced by the long-term capital gains is below the basic exemption limit, then the long-term capital gains shall be reduced to the extent the total income as reduced falls short of the basic exemption limit and the balance long-term capital gains would be charged to tax.

v) Effective 1 October 2004, long-term capital gains arising on sale of equity shares through recognized stock exchange, are exempt from tax under section 10(38) of the Act, subject to Securities Transaction Tax being levied under Chapter VII of the Finance (No. 2) Act, 2004. However, long term capital gain of shareholder being a company shall be subject to income tax computed on book profit under section 115JB of the Act.

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1. The surcharge is not applicable in case of an individual, HUF, AOP and partnership firm from the assessment year 2010-11

vi) Effective 1 October 2004, as per the provisions of section 111A of the Act, short-term capital gains arising on sale of equity shares through recognized stock exchange (i.e. if shares are held for a period not exceeding 12 months), are subject to tax at the rate of 15% (plus applicable surcharge[1] and education cess), provided the transaction is subject to Securities Transaction Tax being levied under Chapter VII of the Finance (No. 2) Act, 2004.

vii) According to the proviso to sub-section (1) of section 111A of the Act, in case of an individual and HUF, if the total income as reduced by the short-term capital gains is below the basic exemption limit, then the short-term capital gains shall be reduced to the extent the total income as reduced falls short of the basic exemption limit and the balance short-term capital gains would be charged to tax.

viii) Section 94(7) of the Act, provides that loses arising from the sale/ transfer of shares within a period of three months prior to the record date and sold / transferred within three months after such date, will be disallowed to the extent dividend income on such shares are claimed as tax exempt.

4. Exemption of capital gains arising from income tax:

i) As per section 54EC of the Act and subject to the conditions specified therein capital gains arising on transfer of a long-term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds (not exceeding Rs. 50 lakhs per FY) within six months from the date of transfer. In such a case, the cost of such bonds will not qualify for deduction under section 80C of the Act. However, if the shareholder transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year. The bonds specified for this section are bonds issued by NHAI and REC.

ii) As per the provisions of section 54F of the Act and subject to conditions specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising to an individual or HUF on transfer of shares of the Company will be exempted from capital gains tax, if the net consideration from such shares are used for purchase of residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer, provided that the individual/ HUF should not own more than one residential house other than the new residential house on the date of transfer. If only part of such net consideration is invested within the prescribed period in a residential house property, the exemption shall be allowed proportionately.

For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

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1. The surcharge is not applicable in case of an individual, HUF, AOP and partnership firm from the assessment year 2010-11

If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long-term capital gains in the year in which such residential house is transferred.

Similarly, if the shareholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house, then the original exemption will be taxed as long-term capital gains in the year in which the additional residential house is acquired.

5. Deduction of Securities Transaction Tax:

In case, the gain arising from sale of shares is considered as Business Income, the Securities Transaction Tax paid will be allowed as a deduction while computing the income under the head 'Profits and gains of business or profession.

C) Benefits to the Non-Resident Indians/ Non-Resident Shareholders:

Apart from the benefits mentioned in 1, 2, 4 & 5 of point B above

1. Computation of capital gains:

Apart from the benefits mentioned in 3(i), 3(v), 3(vi) & 3(viii) of point B above
Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. Under first proviso to section 48 of the Act, the taxable capital gains arising on transfer of capital assets being shares or debentures of an Indian company need to be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be done at the prescribed rates prevailing on dates stipulated.

As per the provisions of section 112 of the Act, long-term gains are subject to tax at a rate of 20% (plus applicable surcharge[1] and education cess). Based on the judicial precedents, a view may be taken long-term capital gains arising on transfer of listed securities or units can be computed at the rate of 10% without indexation benefit in case of non resident shares holders.

2. Special provisions relating to certain incomes of Non-Resident Indians:

As per the provisions of section 115-I of the Act, a Non-Resident Indian ('NRI') as defined therein has the option to be governed by the normal provisions of the Act (as applicable to non-resident shareholders as per para 'C(1)' above) or the provisions of Chapter XII-A of the Act through appropriate declaration in the return of income. The said Chapter *interalia* entitles an NRI to the benefits stated hereunder in respect of income from shares of an Indian company acquired, purchased or subscribed in convertible foreign exchange.
As per the provisions of section 115D read with section 115E of the Act and subject to the conditions specified therein, taxable long-term capital gains arising on transfer of an Indian company's shares, will be subject to tax at the rate of 10% (plus applicable surcharge[1] and education cess).
As per the provisions of section 115F of the Act and subject to the conditions specified therein, gains arising on transfer of a long-term capital asset being shares in an Indian company would not be chargeable to tax. To avail this benefit the entire net consideration received on such transfer needs to be invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act. If whole or part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act, then such gains would not be chargeable to tax on a

proportionate basis. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer. The specified asset or savings certificates in which the investment has been made are restricted from being transferred within a period of three years from the date of investment. In the event of such a transfer, the amount of capital gains tax exempted earlier would become chargeable to tax as long-term capital gains in the year in which such specified asset or savings certificates are transferred.

As per the provisions of section 115G of the Act, NRIs are not obliged to file a return of income under section 139(1) of the Act, if:

a Their only source of income is income from investments or long-term capital gains earned on transfer of such investments or both; and

b The tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

As per the provision of section 115H of the Act, when a NRI becomes assessable as a resident in India, the provisions of the Chapter XII-A can continue to apply until such assets are converted into money, in relation to investment made when he was a NRI. Towards this, the NRI needs to furnish a declaration in writing to the Assessing Officer along with his return of income.

3. Tax Treaty Benefits:

As per section 90(2) of the Act, non-resident has an option to be governed by the provisions of the Act or the provisions of the tax treaty whichever are more beneficial. Thus, a non-resident (including NRIs) can opt to be governed by the beneficial provisions of an applicable tax treaty.

D) Benefits to the Foreign Institutional Investor ('FII'):

Apart from benefits as mentioned in 1, 2, 4(i) & 5 of point B above & in 3 of point C above

1. Computation of capital gains:

Apart from the benefits mentioned in 3(i), 3(v), 3(vi) & 3(viii) of point B above:

As per the provisions of section 115AD of the Act, FIIs are taxed on the capital gains income at the following rates:

Nature of Income	**Rate of tax (%) ***
Long-term capital gains	10
Short-term capital gains (referred in 111A)	15
Short-term capital gains (other than referred in 111A)	30

* Plus applicable surcharge and education cess

The benefits of indexation and foreign currency fluctuation protection as provided by section 48 of the Act are not available to a FII.

If the income realized from the disposition of equity shares is chargeable to tax in India as 'business income', the business profits in the hands of FII may be subject to tax @ 40% in case of foreign company plus surcharge and education cess. However, the benefit of DTAA can be examined in such case.

E) Benefits to the Mutual Funds:

Apart from the benefits mentioned in 1 of point B above

Income exempt under section 10(23D) of the Act:

As per the provisions of section 10(23D) of the Act, any income of Mutual Fund registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India, would be exempt from income tax, subject to the prescribed conditions. However, the Mutual Fund shall be liable to pay tax while distributing income to unit holders under section 115R of the Act.

F) Benefits to the Venture Capital Companies / Funds:

Apart from the benefits mentioned in 1 of point B above

Income exempt under section 10(23FB) of the Act:

As per the provisions of section 10(23FB) of the Act, any income of Venture Capital Companies/Funds registered with the Securities and Exchange Board of India, which is engaged in certain specified business, would be exempt from income tax.

II] Under the Wealth Tax Act, 1957 ('the Wealth Tax Act'):

G) Benefits available to all the shareholders:

Asset as defined under section 2(ea) of the Wealth Tax Act does not include shares in companies and hence, shares are not liable to wealth tax. The basic limit for wealth tax exemption has been increased to Rs. 30 lakhs from the assessment year 2010-11.

Notes:

1 All the above benefits are as per the current tax law as amended by the Finance (No. 2) Act, 2009.

2 The above Statement of possible tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or list of all potential tax consequences.

3 The stated benefits will be available only to the sole/ first named shareholder in case the share is held by joint holders.

4 In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, entered into between India and the country in which the non-resident has fiscal domicile.

5 In view of the individual nature of tax consequences, each investor is advised to consult his/ her own tax advisor with respect to specific tax consequences of his/ her participation in the scheme.

SECTION V - ABOUT US

INDUSTRY OVERVIEW

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Global Economy Overview

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

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

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

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

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

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

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

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

Table 1: Economic Growth Data

Calendar Year Data	2007	2008	2009	2010
GDP Data (at constant prices) (YOY Growth %)				
World	5.1%	3.1%	-1.4%	2.5%

Calendar Year Data	2007	2008	2009	2010
Advanced Economies	2.7%	0.8%	-3.8%	0.6%
Emerging and Developing Economies	8.3%	6.0%	1.5%	4.7%
United States	2.0%	1.1%	-2.6%	0.8%
Euro Area	2.7%	0.8%	-4.8%	-0.3%
Newly industrialized Asian Economies	5.7%	1.5%	-5.2%	1.4%
Russia	8.1%	5.6%	-6.5%	1.5%
China	13.0%	9.0%	7.5%	8.5%
India	9.4%	7.3%	5.4%	6.5%
ASEAN – 5*	6.3%	4.8%	-0.3%	3.7%
Brazil	5.7%	5.1%	-1.3%	2.5%
Trade Volume (goods and services) (YOY Growth %)				
World	7.2%	2.9%	-12.2%	1.0%
Import Volume (goods and services) (YOY Growth %)				
Advanced Economies	4.7%	0.4%	-13.6%	0.6%
Emerging and Developing Economies	13.8%	9.4%	-9.6%	0.8%
Export Volume (goods and services) (YOY Growth %)				
Advanced Economies	6.2%	2.0%	-15.0%	1.3%
Emerging and Developing Economies	9.5%	4.1%	-6.5%	1,4%

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

Indian Economy Overview

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

Given the origin and dimension of the crisis in the advanced countries, which some have called the worst since the Great Depression; every developing country has suffered to a varying degree. No country, including India, remained immune to the global economic shock. The overall growth of the GDP at factor cost at constant prices in 2008-09, as per revised estimates released by the Central Statistical Organisation (CSO) was 6.7 per cent. This is lower than the 7 per cent projection in the Mid-Year Review 2008-09 (Economic Division, Department of Economic Affairs (DEA) and the advance estimate of 7.1 per cent, released subsequently by CSO. This represented a decline of 2.1 per cent from the average growth rate of 8.8 per cent in the previous five years (2003-04 to 2007-08). The deceleration of growth in 2008-09 was spread across almost all the sectors as indicated in Table 1
Source: Economic Survey 2007-2008; Ministry of Finance, Government of India; text available at –
http://indiabudget.nic.in/es2008-09/chapt2009/chap12.pdf

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

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

** Trade, hotels & restaurants and Transport & communication grew at 9 per cent, 2008-09*

Source: Central Statistical Organization

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

Private Consumption

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

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

Sector	2003-04	2004-05	2005-06	2006-07	2007-08
Food, beverages and tobacco	4.7	0.9	7.4	4.6	6.4
Clothing and footwear	(2.4)	4.7	11.7	3.8	8.6
Gross rent, fuel and power	3.3	3.6	3.1	3.0	3.4
Furniture, furnishings, etc.	8.1	12.2	11.6	11.6	9.9
Medical care and health services	3.3	12.5	11.0	9.5	7.3
Transport and communication	11.4	10.2	(0.4)	8.8	7.4
Recreation, education and cultural services	12.0	13.9	11.4	12.9	12.2
Miscellaneous goods and services	9.5	12.4	11.8	8.8	17.6
Total Private Consumption	**6.0**	**5.5**	**6.8**	**6.4**	**8.1**

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

Trade

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

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

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

Gems and Jewellery Industry Overview

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

The two major segments of the Gems and Jewellery (GJ) business in India are gold jewellery and diamond jewellery. While a predominant portion of gold jewellery manufactured in India is for domestic consumption, a predominant portion of rough, uncut diamonds processed in India in the form of either polished diamonds or finished diamond jewellery is exported. At present, India is the world's leading diamond cutting and polishing centre, producing around 95% of the world's cut and polished diamond pieces. By carat weight, India is estimated to process 80% of world rough production by volume, and 58% by value. The domestic demand for gold jewellery is estimated at Rs. 750 billion in 2008, accounting for an estimated 80% of the Indian jewellery market of Rs. 920 billion. The balance comprises diamond jewellery (Rs. 130 billion), and other fabricated jewellery (Rs. 30-40 billion). With an estimated consumption of 713 tonnes during calendar year or CY2008 (including jewellery consumption of 502 tonnes), India is the largest consumer of gold in the world.
Source: IMaCS – The Indian Gems & Jewellery Sector, October 2009

Industry Structure

India is the largest diamond cutting & polishing centre in the world, followed by Israel. The bulk of the GJ industry in India is concentrated in the unorganized sector and employs an estimated 1.6-2 million workers serving over 0.45 million goldsmiths, and around 0.1 million diamond processing units. The majority of India's diamond workforce is employed by small units that process diamonds on a job-lot basis. The number of gold jewellery manufacturing units is put at 0.1 million. Also, a large number of skilled goldsmiths/gold merchants from India are engaged in gold trade and industry in almost all the oil-rich Middle Eastern countries.

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

Trade

The GJ industry has contributed significantly to the shift in India's exports. Exports of GJ aggregated Rs. 782.60 billion (US$17.19 billion) during 11MFY2009 (April 2008-February 2009), accounting for 11.2% of India's exports. The share of GJ in India's exports has grown over time from 4% in 1972-73.

During 11MFY2009, imports of pearls, precious & semi-precious stones (excluding gold) aggregated Rs. 582.37 billion (US$12.79 billion), accounting for 4.9% of total imports. Excluding gold and silver imports, the Indian GJ industry is also a major earner of foreign exchange, with a trade surplus of Rs. 200.23 billion (US$4.40 billion) during 11MFY2009, as compared with an overall trade deficit of Rs. 5,019 billion (US$110.26 billion). Gold and silver imports were estimated at Rs. 820.60 billion (US$18.03 billion) in 11MFY2009.

Raw Material: With negligible production of gold and diamonds, the Indian GJ industry is almost entirely dependent on imported raw materials. The Indian GJ depends entirely on imported raw materials. Russia, Botswana, South Africa and Congo are the world's major gem quality diamond producers, with Australia being a major industrial diamond producer. Botswana is the world's largest diamond-producing country in terms of value, estimated at US$3.27 billion in 2008, or US$101.4 p/c (per carat). Russia is the largest diamond producer by volume, and the second largest producer of diamonds in the world by value. Its diamond production of 36.93 million carats in 2008 was valued at US$2.51 billion, at an average price of US$67.9 p/c. Russia also presently hosts the world's longest productive mines, with estimated reserves of US$110 billion.

The bulk of the Indian GJ exports comprise import of rough diamonds, cutting and polishing in India, and re-export. As per data released by the Gems & Jewellery Export Promotion Council (GJEPC), cut & polished diamonds (CPDs) accounted for 61.7% of India's GJ exports of Rs. 951 billion during FY2009, followed by gold jewellery (32.5%), and rough diamonds (3.7%). Thus, two items—CPDs and gold jewellery—account for around 94% of India's GJ exports.

Table 4: Component-wise Imports of Gems and Jewellery

Fiscal (Rs. millions)	Value					Growth	
	2005	2006	2007	2008	2009	2009	3-Year
Rough Diamonds	345,812	386,264	399,753	399,215	344,056	-13.8%	-3.8%
Rough Coloured Gemstones	3,757	5,097	6,017	5,995	4,329	-27.8%	-5.3%
Raw Pearls	249	287	330	449	253	-43.6%	-4.1%
Rough Synthetic Stones	175	576	261	528	144	-72.8%	-37.1%
Gold Bars	38,846	86,230	114,408	89,496	185,679	107.5%	29.1%
Silver Bars	1,036	946	664	796	1,162	46.0%	7.1%
Platinum Bars	398	98	3,028	234	17,474	7,383.6%	462.1%
Cut and polished diamonds	128,364	132,870	92,386	222,520	318,842	43.3%	33.9%
Others	7,362	13,069	20,210	22,274	21,510	-3.4%	18.1%
Total	**525,999**	**625,437**	**637,057**	**741,506**	**893,448**	**20.5**%	**12.6**%

Source: Gems & Jewellery Export Promotion Council

During FY2009, India imported 118.4 million carats of rough diamonds valued at roughly US$7.53 billion (Rs. 344.06 billion). The major supplier countries include Belgium, UK, Israel, UAE, and US. Maintaining an uninterrupted supply of rough diamonds is critical to the Indian GJ industry, which obtains its requirement primarily from De Beers, RT, and the Antwerp Diamond Market in Belgium.

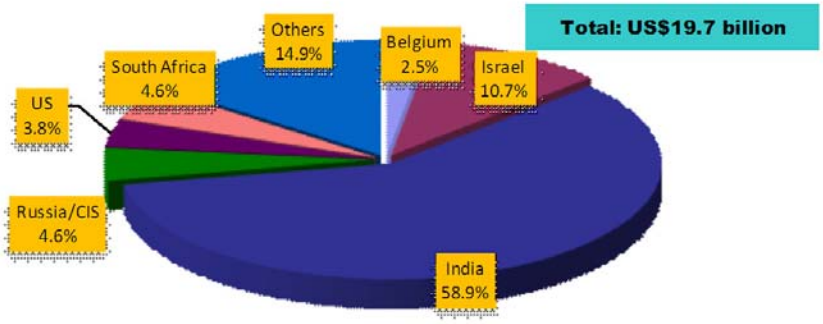
Most world diamond supplies are controlled by a few major mining companies such as De Beers, Rio Tinto, and Alrosa; prices are supported by managing the quantity and quality of the gemstones relative to demand, a function that has been traditionally dominated by De Beers. From the early 20th century,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

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

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

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

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



Source: IMaCS

Gold jewellery exports have also increased at a high rate in recent years, primarily because of higher exports to major markets as well as significantly higher gold prices. As per data released by the Gems & Jewellery Export Promotion Council (GJEPC), cut & polished diamonds (CPDs) accounted for 61.7% of India's GJ exports of Rs. 951 billion during FY2009, followed by gold jewellery (32.5%), and rough diamonds (3.7%). Thus, two items—CPDs and gold jewellery—account for around 94% of India's GJ exports.

Table 5: Component-wise Exports of Gems and Jewellery

Fiscal (Rs. million)	Value					Growth	
	2005	2006	2007	2008	2009	2009	3-Year
CPDs	500,736	521,263	491,563	571,172	586,495	2.7%	4.0%
Coloured Gems	171,120	171,041	234,788	223,157	308,765	38.4%	21.8%
Gold Jewellery	8,639	10,304	11,123	11,111	11,976	7.8%	5.1%
Pearls	122	106	111	156	165	5.8%	15.8%
Non Gold Jewellery	5,800	6,444	7,895	9,211	8,721	-5.3%	10.6%
Synthetic Stones	49	56	34	45	55	21.6%	-0.8%
Rough Diamonds	15,994	24,938	25,488	22,803	34,749	52.4%	11.7%
Total	**702,460**	**734,153**	**771,001**	**837,655**	**950,925**	**13.5%**	**9.0%**

Source: Gems & Jewellery Export Promotion Council

The US is the largest market for diamond jewellery, accounting for around 45-50% of world diamond jewellery sales. The US is also the world's leading importer of CPDs, accounting for around 30% of total world imports, followed by Hong Kong (17%), and Belgium (10%), and UAE (9%).

In US, jewellery sales had shown signs of a slowdown during 2007, mainly because of a sharp slowdown in economic growth. However, US diamond retail sales contracted sharply from late-2008 primarily because of a severe economic slowdown and reduction in spending on luxury items. US jewellery retail sales declined 6.1% in 2008 to US$28.27 billion, representing the first annual decline since 2001. Retail sales of jewellery in the US declined 22% over the Christmas and end-year 2008 holiday season. As a result, US jewellery retail sales declined 6.1% in 2008, representing the first decline since 2001. The sharp decline has continued in 2009, with US retail sales declining 11.6% (yoy) during 7M2009 to US$13.32 billion. This has resulted in US imports of CPDs declining sharply since late-2008.
Source: IMaCS – The Gems & Jewellery Industry, October 2009

Domestic Demand

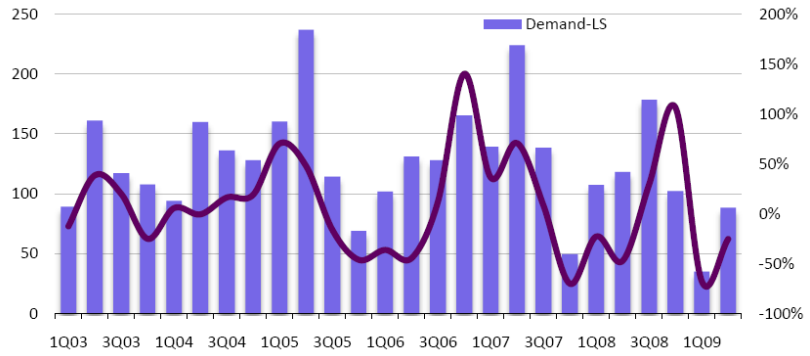
Gold Jewellery: India's gold jewellery demand is seasonal with the highest consumption during the festival and wedding season. India has been the largest consumer of gold for jewellery in recent times. In addition to its jeweller aspect, gold jewellery is also used as a savings instrument. Rural households account for more than two-thirds of demand, and both rural and urban households purchase gold on a large scale to meet exigencies of consumption and other expenditure in future. India accounts for 23% of the global gold jewellery demand in 2008.

Overall, India's jewellery gold demand increased 4.8% to 552 tonnes in 2007. During 2008, India's jewellery gold demand declined 38% (yoy) in the first half of 2008 because of extreme price volatility and the weakening of the rupee against the dollar. However, demand increased 49% (yoy) in 2H2008 because of the festival and

wedding season, and stable/downward trend in gold prices. For 2008 as a whole, demand declined 9.1% to 502 tonnes, largely on the back of the relatively high and volatile gold price.

During 2009, India's jewellery demand declined 46% (yoy) in 1H2009 to 123 tonnes because of higher gold price volatility which is a key deterrent to gold purchases. Prices have risen to record highs in 2009 with significant negative effect on demand, and have also triggered higher levels of scrap recycling. During 2Q2009, although the local gold price stayed marginally below the record highs recorded in 1Q2009, it remained very high on a historical basis, fluctuating in a relatively narrow band between Rs14,000-15,000 per 10 gm. However, stable prices did not cause a resumption of buying primarily because of domestic slowdown and global recession.
Source: IMaCS – The Gems & Jewellery Industry, October 2009

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



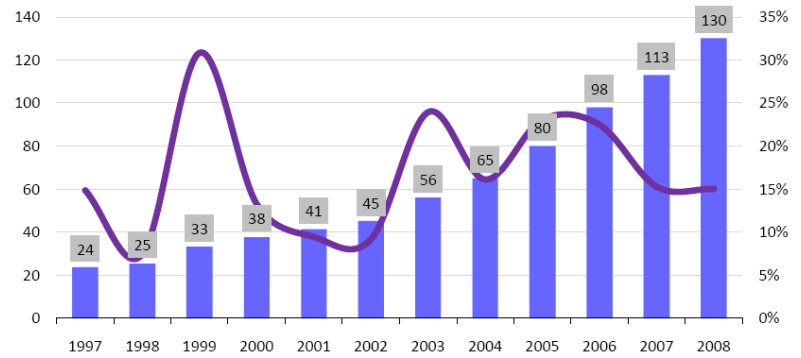
Source: IMaCS

Diamond Jewellery: As with all luxury products, jewellery and diamond demand is highly elastic. Diamond and jewellery sales rise strongly in periods of buoyant economic growth, and vice versa. In addition, diamond demand has a tendency to lag behind economic recovery by about one year. The Indian domestic diamond jewellery market is estimated at around Rs. 130 billion in retail value during 2008. The demand for diamond jewellery is dependent on India's gross domestic product's (GDP) growth, which increased 9% in FY2008; but at 6.7% in FY2009, and is expected to increase at an annual rate of 6-6.5% in FY2010. Although accurate and official data is not available, while China ranks sixth in the world in terms of diamond jewellery retail value, ahead of India which is in seventh place, India ranks third in terms of diamond value, while China holds the seventh position. Because of increased disposable income and aggressive promotion strategies by the diamond industry, Indian diamond jewellery demand has increased significantly in recent years—from Rs. 197 billion in 1995 to around Rs. 135 billion in 2008.

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

In 2009, world retail sales are expected to decline 15-17%, with considerable level of uncertainty. De Beers expects the US market to decline 8% in 2009. China and Saudi Arabia are expected to be flat, while India's market is expected to be up 5% in rupee terms, but down 5% in US$ terms.
Source: IMaCS – The Gems & Jewellery Industry, October 2009

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



Source: IMaCS

Key Characteristics: Gold & Diamonds

Gold

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

Figure 4: Gold Caratage and Fineness

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

Source: World Gold Council

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

Gold prices have been on an upward trend since early 2003. After showing a rising trend since April 2003, gold prices had shown a slow downward trend from March-July 2004, before recovering and increasing thereafter. During 2005, average gold prices increased 8.7% to US$444.8/oz. During 2006, gold prices increased to a yearly high of US$725/oz. in mid-May 2006, before declining to US$585.8/oz. in October 2006. The decline was caused by a significant decline in crude oil prices, which reduced the incentive to invest in gold as a hedge against a potential rise in global inflation. Overall, average gold prices increased 35.9% in 2006 to US$604.3/oz. During 2007, after rising to more than US$690/oz. in late April 2007, gold price declined to US$642/oz in late-June 2007. In August 2007, rising rates of foreclosures in the US subprime home loan market encouraged lenders to tighten credit practices, reducing liquidity in the broader US economy, and some selling of financial assets, including gold. Subsequently, gold prices increased rapidly from late August 2007 to an average of US$803/oz. in December 2007. Annual average gold prices increased 15.3% in 2007 to US$696.72/oz. Gold prices in rupee terms averaged Rs. 31,694/oz. in December 2007, representing an increase of 12.8%.

Diamond

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

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

The Rapaport Diamond Report is the international trade price list for polished diamonds. It lists prices that are `traded off' (usually at discounts) based on their shape, size range, colour and clarity. The price per carat does not increase smoothly with increasing size. Instead, there are sharp jumps around milestone carat weights, as demand is much higher for diamonds weighing just more than a milestone than for those weighing just less. As an example, a 0.95 carat diamond would have a significantly lower price per carat than a comparable 1.05 carat diamond, due to differences in demand.
Source: IMaCS – The Gems & Jewellery Industry, October 2009

Table 6: Average Price of rough diamonds Imported by India

Fiscal	2001	2002	2003	2004	2005	2006	2007	2008	2009
Rs. per carat	1,976	1,555	1,465	1,660	1,957	2,233	2,267	2,327	2,905
US$ per carat	43.3	32.5	30.1	35.9	43.4	50.3	49.8	57.1	63.5

Source: IMaCS

Export data from the GJEPC report a gradual shift in Indian exports to higher value segments, reflected in higher per carat (p/c) realizations.

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

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

Source: IMaCS

The Indian GJ industry has been built on polishing lower size and quality stones. Looking forward, since India already enjoys domination in the world CPD market in general, and for smaller-sized diamonds in particular, the scope for significant increase in market share and growth in the traditional small-size diamond exports is limited. Industry leaders are now seeking further growth through processing of larger size stones, and manufacture of diamond jewellery. Indian industry can now increasingly process the full range of sizes and qualities of stones utilising not only a cheap and abundant workforce, but also advanced technologies. Future growth is likely to be largely driven by the cutting and polishing of medium and large stones (currently dominated by Belgium and Israel), with consequently higher unit realisations. The Indian GJ industry is already reporting increased growth in the larger-size segment.

The long-term outlook for the Indian diamond and jewellery industry continues to be positive. India's competitive advantage is likely to centre on its skilled labour combined with a ready adoption of leading-edge technology and an increasing degree of vertical integration.
Source: GJEPC; IMaCS – The Gems & Jewellery Industry, October 2009

BUSINESS OVERVIEW

Our Group is an integrated diamond and diamond jewellery player encompassing sourcing of rough diamonds, trading of rough and polished diamonds, processing of diamonds and manufacture of diamond jewellery. The principal activities undertaken by our Company and its Subsidiaries are outlined below:

Sourcing and trading in Rough Diamonds:	C. Mahendra Exports Limited, C. Mahendra International Limited and C. Mahendra BVBA
Cutting and polishing of diamonds:	C. Mahendra Exports Limited
Manufacture of diamond jewellery:	Ciemme Jewels Limited
Marketing and trading in cut and polished diamonds:	C. Mahendra Exports Limited, C. Mahendra International Limited, C. Mahendra Exports (HK) Ltd. Ciemme (LA) Inc., C. Mahendra (USA) Inc. through its subsidiary C. Mahendra (NY) LLC.
Marketing of Diamond Jewellery:	Ciemme Jewels Ltd. and C. Mahendra (USA) Inc. through its subsidiary Ciemme (NY) LLC.

Brief Background

The founder Promoters of Our Company, Mr. Mahendra C. Shah and Mr. Champaklal K. Mehta started their business jointly in 1974. The flagship company of our Group, C. Mahendra Exports Limited was formed in 1978 in the form of a partnership firm under the name and style of "C. Mahendra Exports", to carry on the business of manufacturing and trading of diamonds, precious stones and jewellery. C. Mahendra Exports, initially formed to undertake trading activity in diamonds and other precious stones, set up its first manufacturing facility for processing rough diamonds in Surat in 1993 with an installed capacity of 120,000 carats per annum. In 2006, C. Mahendra Exports Limited commissioned its second manufacturing unit at Varachha Road, Surat with an installed capacity of 120,000 carats per annum. C. Mahendra Exports was recognised as a DTC Sight holder in 1991 and it is one of the first Surat based entities to receive this recognition.

One of the critical success factors of our business is consistent supply of rough diamond of desired quality, at a competitive price. In order to ensure that, C. Mahendra BVBA was set up in Antwerp, the diamond market in Belgium for the sourcing of rough diamonds from various suppliers at competitive rates. Currently, a significant part of rough diamonds is procured from the DTC and other rough diamond suppliers directly and through C. Mahendra B.V.B.A.

Access to the markets for sale of polished diamonds is another critical success factor of our business. In order to achieve this objective, our group established marketing entities in Hong Kong and USA to cater to some of the major markets for cut & polished diamonds and diamond jewellery across the globe. Currently, our Group has around 8 marketing offices spread across Surat, Mumbai, Delhi, Kolkata, Hong Kong, New York, Los Angeles and Antwerp to market cut and polished diamonds and diamond jewellery. Our Group also does some procurement of polished diamonds through those offices.

Currently, our Company has two facilities for cutting and polishing of diamonds at Varachha and Udhana in Surat. Further, Ciemme Jewels Limited owns a jewellery manufacturing facility in MIDC, Andheri, Mumbai.

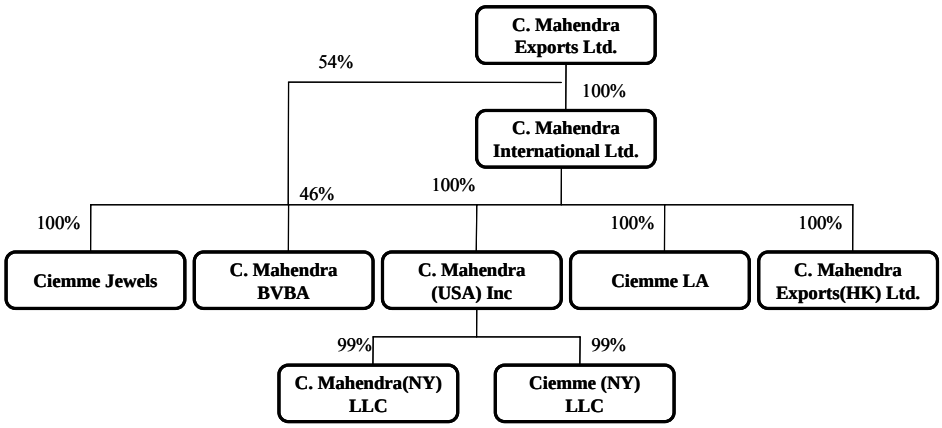
The sales and EBITDA in the fiscal year ended March 31, 2007, March 31, 2008 and March 31, 2009 as per the restated consolidated financial statements prepared in terms of the requirements of Paragraph B(1) of Part II of Schedule II of the Companies Act, 1956 ('the Act') and SEBI ICDR Regulations and included in the report dated February 3, 2010 of M/s. Suresh Surana & Associates, Chartered Accountants, as included in the Draft Red Herring Prospectus, are as under:

(Rs. in millions)

Particulars	**For the year ended**		
	2009	**2008**	**2007**
Sales and income from operations	16,035.58	17,788.52	17,160.28
EBITDA	1,609.99	1,167.57	1,461.99

Our Group Structure

Our current Group structure is as follows:



Our Competitive Strengths

One Stop Shop - An integrated diamond and diamond jewellery group in India having presence in major markets across the globe

Our Group is an integrated diamond and jewellery manufacturing group with presence across the value chain. We are able to source significant portion of rough diamonds directly from the DTC, ALROSA and other Russian, Canadian and African suppliers. Our Group's ability to source rough diamonds is consistent thereby eliminating any supply bottlenecks. The hi-tech manufacturing setup, well established worldwide sales and distribution network, elegant and exquisite designer jewellery for domestic and export jewellery market, exquisite retail outlets, shop-in-shop operations in India coupled with strong corporate brand enables us to capture inherent operational synergies and focus on maximizing margins with downstream knowledge of the market trend.

Our Group is a leading exporter of cut and polished diamonds with a proven track record

Our Group is a leading diamond and diamond jewellery manufacturing group. Our Company has been consistently recognized as Star Trading House for over a decade. Our Company has been consistently recognized for outstanding export performance. Our Company has received several outstanding export performance awards for CPD from GJEPC and was ranked fourth for Outstanding Export Performance in DTC category for the year 2007-08. For further details please refer to our chapter titled "History and Other Corporate Matters" on page 87 of the Draft Red Herring Prospectus.

Global footprint - Strong marketing and distribution network

We have marketing offices spread across Surat, Mumbai, Delhi, Kolkata, Hong Kong, New York, Los Angeles and Antwerp to market cut & polished diamonds to domestic and international markets. We believe that our multi-location operation enables us to leverage the competitive advantages of each location, enhance our competitiveness and spread our reach to international markets. We also market our cut and polished diamonds to diamond wholesalers and large jewellery manufacturers in international markets through our marketing and sales offices. For domestic sales of our cut and polished diamonds locally, we have a well-knit distribution and sales channel network.

We sell our diamond jewellery through our exclusive retail stores and franchisee store in India and shop-in-shop set-up for domestic and international markets. As on the date of filing the Draft Red Herring Prospectus, we have 8 (eight) exclusive retail stores and 1 (one) franchisee store in India. We have a dedicated team of 30 sales executives who analyze demand and customer preferences for cut & polished diamonds and diamond studded jewellery in domestic and international markets.

Promoter's Pedigree – Vast experience of over three decades with sound market knowledge

We benefit from the experience of our Promoters and the core management team. Our core strength lies in our strong pedigree and wide experience of our management team. Our founder Promoters have been associated with us for more than three decades, which has enabled us to successfully implement our growth strategies.

We are one of the well-known names in domestic and international diamond industry and recognized as a Star Trading House. Our extensive market knowledge and vast experience helps us to monitor the market meticulously and adapt our business strategy according to the market conditions while ensuring that our clients' needs are met at all the times.

Direct Sourcing of rough diamonds from primary source suppliers

One of the critical success factors in our business is the ability to source considerable portion of the rough diamond requirement from primary source suppliers like the DTC, ALROSA Company Limited, etc. Typically, these primary source suppliers select their customers based on various criteria like financial strength, distribution reach, marketing abilities, manufacturing capacity, future development plan, BPP, etc.

Our Company, in its earlier form of a partnership firm under the name and style of "C. Mahendra Exports", is one of the first DTC Sightholders based in Surat. As per information available from "www.dtcsightholderdirectory.com", as on January 31, 2010, there are only 115 Sightholders worldwide and our Company is one of them. Further, we, either through our Company or our subsidiaries, also procure rough diamonds from leading diamond mining companies like ALROSA Company Limited, Russia and its subsidiaries; Harry Winston Diamonds International N.V. and various other companies in Russia, Canada and Africa.

These arrangements ensure consistent supply of rough diamonds at competitive rate. Further, sourcing from these primary source suppliers assure our clients about the quality of diamonds, cut and polished by us.

Large scale production capabilities with modern equipments and quality standards

Our Company has 2(two) state-of-the-art diamond cutting and polishing facilities in Udhana and Varachha at Surat. Further, our subsidiary Ciemme Jewels Limited has a diamond jewellery manufacturing facility in MIDC, Andheri. Ciemme Jewels Limited is an ISO 9001:2000 certified company. We obtain grading from reputed diamond certifying institutions like GIA (Gemological Institute of America), IGI (International Gemological Institute), HRD (Hoge Raad voor Diamant) on suo moto basis as well as on customer request. Further, diamond jewellery manufactured by our subsidiary Ciemme Jewels Limited are certified by EGL (European Gemological Laboratory) on suo moto basis as well as on customer request along with our own Quality certificate which give details of the diamond (Cut, Clarity, Color and Carat) and gold (Purity, Color and Karatage). Being a DTC Sightholder, we are also committed to the principles of BPP. We follow best industry practices and the Kimberley Process Certification Scheme.

Our Business Strategy

Going forward, we intend to implement the following strategies in order to strengthen our competitive position in the diamond industry and cater to the requirements of the customers as one stop shop for jewellery requirement:

Increasing foothold in diamond jewellery business

We are already an established player in rough diamond and CPD segment. To further strengthen our integrated business model, we intend to increase our presence in the diamond jewellery business. Accordingly, our Company plans to set up a new diamond jewellery manufacturing unit at Mumbai. We believe that our enhanced jewellery manufacturing capacity coupled with our expertise in diamond jewellery business, will enable us to increase our sales of diamond jewellery and thus improve the margin of our business.

Establishing our jewellery brand

In order to make our strategy of "Increasing foothold in diamond jewellery business" a success, it is imperative for us to create and establish a popular jewellery brand. In that direction, we have already created the brand "Ciemme" under which we are selling diamond jewellery.

Increase our customer reach

Another important factor for making our strategy of "Increasing foothold in diamond jewellery business" a success is increasing our retail customer penetration. We intend to increase our number of exclusive retail showrooms to 28 (twenty eight) by the fiscal year 2013 from existing 8 (eight), spread across the length and breadth of the country to achieve the objective of reaching the customer.

Our Company also intends to increase its reach in international jewellery market through its overseas subsidiaries, Group Companies and through strategic tie-ups.

Increase our diamond cutting and polishing capacity

By virtue of being a DTC Sightholder, our Company enjoys consistent supply of rough diamonds of assured quality and at a competitive price. Further, our Company and its Subsidiary C. Mahendra BVBA ensure supply of rough diamonds from mining companies like ALROSA Company Limited, Russia and its subsidiaries; Harry Winston Diamonds International N.V. This sourcing ability coupled with our technical expertise developed over three decades of operations provide us opportunity for (i) scaling up our operation and to (ii) getting into cutting and polishing of high value diamonds. We have a plan to set up our diamond cutting and polishing unit at Surat to attain the aforesaid two objectives. We believe that the proposed unit will enable us to achieve higher turnover and also to improve our margins by expanding into cutting and polishing of high value diamonds.

Strengthening our rough diamond sourcing capability

We are currently sourcing around 18-20% of rough diamonds from primary source suppliers viz. DTC and ALROSA Company Limited and the balance is sourced from secondary market. As explained earlier, one of the critical success factors of our business is consistent supply of rough diamond of desired quality, at a competitive price. Though we believe that we have reasonably achieved this objective, we further intend to adopt the following two pronged approach in order to strengthen our position in this respect.

We are in discussions with various primary source suppliers other than those with whom we have existing business relationship. We believe that this initiative, if materializes, would help us to scale up our operation and to reduce our dependence on the existing Primary and secondary sources.

Our Company intends to infuse equity capital in its subsidiary C.Mahendra BVBA in order to enable it to further leverage their expertise and source diamonds directly from the diamond mining companies at the most competitive rate.

Setting up units strategically to continue availing fiscal incentives

Currently our operations in Surat are subject to tax exemption U/s. 10B of the Income Tax Act, 1961. This benefit will be available till Assessment Year 2011-2012.

Our Company intends to set up a new diamond processing facility in Gujarat Hira Bourse, SEZ, Ichchhapore, Surat which will be exempt U/s. 10AA of the Income Tax Act, 1961, subject to the receipt of the necessary approvals. Our Company has earmarked Rs. 360.57 million for setting up this new facility. For further details on proposed bsiness initiatives and fund requirements of the Company please refer to chapter titled *"Objects of the Issue"* beginning on page 37 of the Draft Red Herring Prospectus.

As per the extant policy, 100% of the export income from the SEZ facility will be exempted for the first five years, 50% for the next five years thereafter and 50% of the ploughed back export profit for the next five years. The new facility will also be entitled to some other benefits like exemption from Central Sales Tax, exemption from Minimum Alternative Tax.

Our Business Operations

Our principal business operations can be broadly classified as follows:

- Diamond Business
- Jewellery Business

During the last three financial years and for the period ended September 30, 2009, the contribution of the above activities to the total sales and income from operations of our Group:

Sr. No.	Business Operation	31-Mar-07		31-Mar-08		31-Mar-09		30-Sept-09	
		Rs. in millions	% of total income	Rs. in millions	% of total income	Rs. in millions	% of total income	Rs. in millions	% of total income
1	Diamond sales	15,336.19	92.50	16,117.55	93.06	14,636.76	95.43	7,829.03	95.84
2	Jewellery sales	1,195.24	7.21	1,142.14	6.59	618.46	4.03	269.07	3.29
3	Other revenue sources*	48.38	0.29	60.16	0.35	82.17	0.54	70.54	0.86
Total		**16,579.81**	**100.00**	**17,319.85**	**100.00**	**15,337.39**	**100.00**	**8,168.64**	**100.00**

* Comprises of revenue generated from sale of electricity from wind power

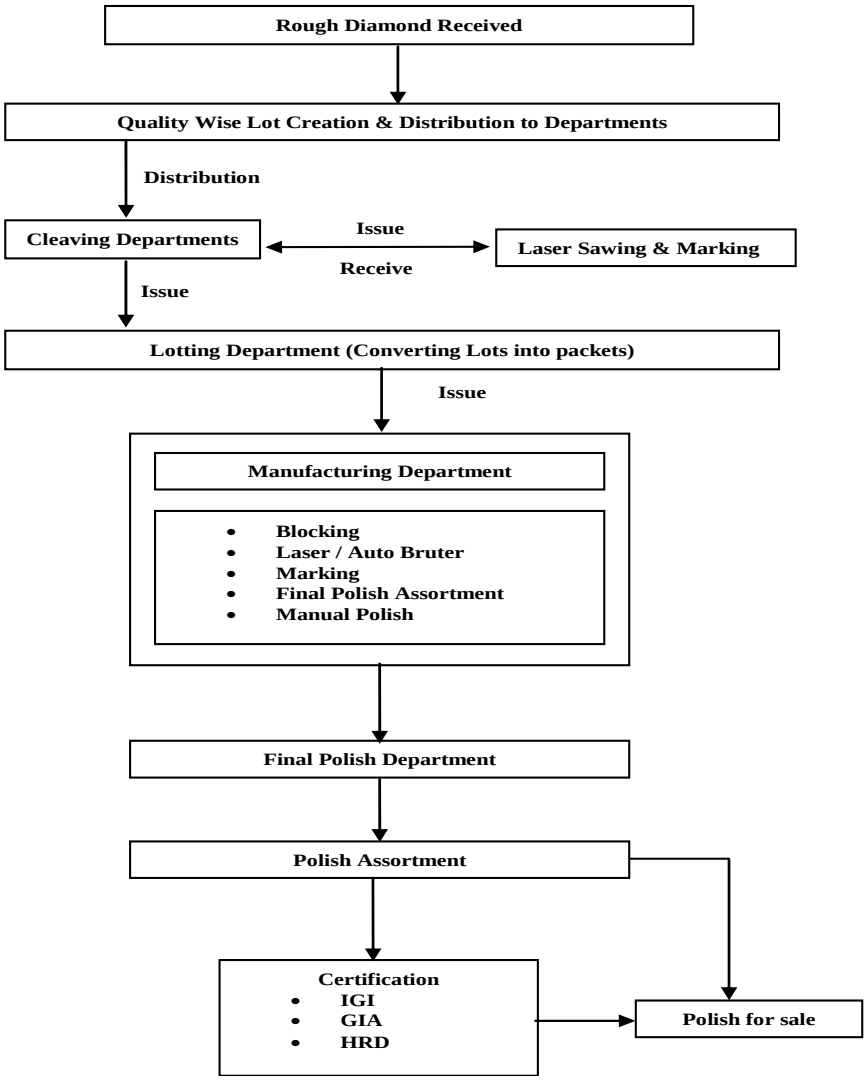
(1) Diamond Business

Being a DTC sight holder, our Company does the sourcing of rough diamonds directly from DTC as well as from the open market. Additionally, our subsidiary C. Mahendra BVBA sources rough diamonds from primary source suppliers i.e. ALROSA Company Limited in Moscow, Russia and its subsidiaries, and from the open market.

Rough diamonds are cut and polished at our manufacturing facilities in Udhna and Varachha, at Surat. The yield achieved varies from 25% to 42% depending upon shape of rough diamonds. We continuously seek to improve this yield by using latest technology and thus try to reduce wastage. In addition to the in house cutting and polishing of diamonds, we also get our diamonds cut and polished on a job work basis.

We also trade in rough and polished diamonds through our Company and our Subsidiaries viz. C. Mahendra International Limited, Ciemme Jewels Limited, C. Mahendra BVBA, C. Mahendra Exports (HK) Ltd and C. Mahendra USA Inc. through its subsidiary C. Mahendra (NY) LLC.

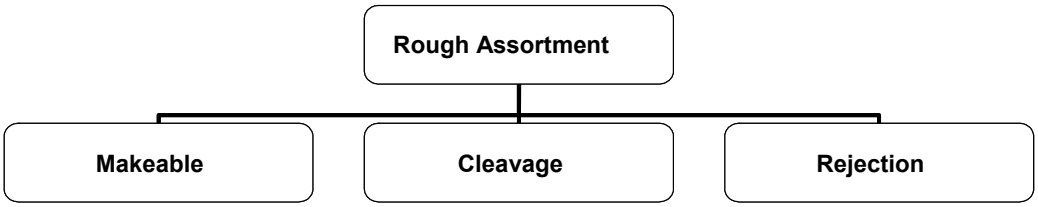
Production Process



At C. Mahendra Exports Ltd., the manufacturing process is done very meticulously to extract maximum out of the rough diamonds with a lot of perfection and minimum inclusions. Our Company has classified their work into various departments as illustrated below:

Rough Assortment

Assorters assort the rough diamonds according to quality, size and instruction from superiors. This department is responsible for checking the purity, color, clarity, carat, cut. Assorters grade the rough diamond into the following categories:



Cleaving

After assortment, the rough is send to the cleaving department wherein the rough is differentiated based on size and purity. The rough is signed either manually or through the sarin or helium machine. The sarin or helium machine has great accuracy. These machines show the map of a diamond wherein one can see

different shape and size of a diamond. The plan which should give the maximum value of the diamond is finally selected. Generally, small sized diamonds are signed manually. The rough diamonds which can not be cleaved are sent to the sawing department.

Laser Sawing

The sawing department receives rough diamond from the cleaving department which is sorted according to size. Rough stone is fixed on a single piece basis in the holder of the laser machine and the operator sets the parameters and wattage requirements according to the size of the diamond. After the Sawing process is completed, the operator removes the fixer and the holder from the sawing machine. The part which still remains fixed in the holder is removed and checked by the Head of the Department along with the sawed piece. Once the process of cleaving and sawing is completed, the diamonds are sent to the planning and marking department.

Bruting

Bruting is the process of giving shape to the rough diamond. The bruter has to take utmost care of the diamond so that it does not break. In the whole process of bruiting, the main aim of the bruter is to give shape to the rough diamond in such a way that its optimum effect can be achieved by the polisher, without any extra weight loss. Auto bruters and laser bruters are used in this process.

Facets

Faceting is the first step of polishing. In a diamond, faceting and polishing occur simultaneously. The cutting and polishing of each facet is accomplished by attaching the stone to a dop stick and pressing it against a revolving plate (saran). During this faceting stage, the angles of each facet must be cut in order to maintain symmetry and produce maximum brilliance.

Final Polishing & Boiling

A diamond then passes to the polishing department where the diamond gets its final look. This is the last step in the manufacturing process of the diamond from where it goes to the grading department.

In this process, the cut and polished diamond is boiled in a solution of hydrochloride and sulphuric acid to remove oil, diamond, powder and dirt.

After completion of polishing, the smaller packets are put together in the original packet and sent for final inspection. During the entire process, strict quality control measures are taken and the diamond passes through a computerized network which keeps track of every single diamond.

Final Inspection

Diamonds of good quality are checked through microscope while others are checked manually. The polished diamonds are assorted according to cut, clarity, carat and colour. Simultaneously, the lot number and other details in the packet are also inspected.

At the end of the assortment process, the lots are fixed and all goods are classified only as per the finished goods codification system.

Production facilities

Our diamond processing facility is located at:

Udhna processing unit: No.A/9/10, Block No.26, Road No.8, M.G.Road, Udhna Udyognagar, Surat, Gujarat, India.

Varachha processing unit: Plot No.37, TPS-4, Revenue Survey No.352/353/354, Near Umiya Mata Temple, Ashwinkumar Road, Surat, Gujarat, India.

The details of machineries at these facilities are as under:

Varachha Unit:

Sr. No.	Description of Plant and Machinery	Nos.	Functionality
1	Auto Blocking	19	Shaping of diamond
2	Auto Bruter	71	Shaping of diamond
3	Dailit Polishing Wheel	26	Polishing of diamond
4	Polishing Wheel	375	Polishing of diamond
5	Dops Rico	200	Polishing of diamond
6	Diamond Planner machine	60	Planning of diamond cutting
7	Laping Machine	1	Laping of Saran
8	Laser Bruting	14	Shaping of diamond through laser technology
9	Laser Sawing	19	Sawing of diamond through laser technology
10	Laser Green	3	Sawing of diamond through diode laser technology
11	Weighing Scale	50	Weighing diamonds
12	Maxi Machine	26	Shaping of diamond
13	Roundish Girdle Machine	11	Making of diamond girdle
14	Saran Grinding Machine	2	Grinding of saran
15	Scanner	60	Encoding of Barcode on packets
16	Microscop Machine	2	Quality control machine

This unit is provided with 475 kW power supply and is well connected by road and rail.

Udhana Unit:

Sr. No.	Description of Plant and Machinery	Nos.	Functionality
1	Bruting Machine	90	Shaping of diamond
2	Maxicut Machine	217	Shaping of diamond
3	Auto Bruter	32	Shaping of diamond
4	Auto Blocking	10	Shaping of diamond
5	Polishing wheel	171	Polishing of diamond
6	Roundish Girdle Machine	20	Making of diamond girdle
7	Diamond Planner machine	50	Planning of diamond
8	Weighing Scale	46	Weighing diamonds
9	Single Spindle	7	Shaping of diamond
10	Laser sawing machine	8	Sawing of diamond through laser technology
11	Laser Bruting Machine	6	Shaping of diamond through laser technology
12	Avalon machine	3	Quality control machine

This unit is provided with 400 kW power supply and is well connected by road and rail.

Diamond Manufacturing Units at Surat			
Particulars	**Installed capacity (carats)***	**Actual production (carats)**	**Capacity utilization (%)**
2006-07	240,000	133,809.94	55.75
2007-08	240,000	202,023.27	84.18
2008-09	240,000	196,225.83	81.76
For the period ended September 30, 2009	240,000	70,501.30	29.38

* The installed capacity is calculated on the basis of production of 10 cents/ piece (size of diamond). The actual size of rough diamonds processed may be different. The % capacity utilization is not reflecting the actual capacity utilization.

These figures donot include production done on job-work basis

Our Market

The major portion of diamond cut and polished by our Company are sold outside, primarily in overseas market. The balance is consumed in-house by our Group for manufacturing of diamond studded jewellery.

The break-up of in house consumption & outside sale of our cut and polished diamond are shown in the following table:

Cut and Polished diamond	31-Mar-07		31-Mar-08		31-Mar-09		30-Sep-09	
	Sale (Rs. in millions)	% of total income	Sale (Rs. in millions)	% of total income	Sale (Rs. in millions)	% of total income	Sale (Rs. in millions)	% of total income
Other Sales	11,193.84	96.29	13,093.26	97.44	12,604.87	95.90	5,499.95	99.01
Consumed by our Group for manufacturing of diamond studded jewellery	430.75	3.71	343.45	2.56	538.65	4.10	55.08	0.99
Total	**11,624.59**	**100.00**	**13,436.71**	**100.00**	**13,143.52**	**100.00**	**5,555.03**	**100.00**

The major export markets for cut and polished diamonds of our Company are Hong Kong, USA, Belgium and Dubai. The share of various markets in total exports of cut and polished diamonds is shown in the following table:

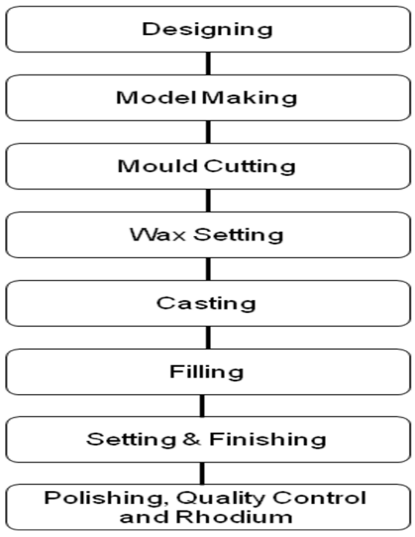
Countries	31-Mar-07		31-Mar-08		31-Mar-09		30-Sep-09	
	Rs. in millions	Rs. in millions	Rs. in millions	% of total income	Rs. in millions	% of total income	Rs. In millions	% of total income
Hong Kong	5,545.26	53.75	5,719.02	50.24	6,469.27	49.22	2,528.81	45.52
USA	1,943.37	18.84	2,666.48	23.43	2,519.90	19.17	491.98	8.86
Belgium	415.5	4.03	300.76	2.64	53.62	0.41	0.84	0.02
Dubai	1,875.00	18.17	2,356.79	20.7	2,490.84	18.95	1,626.71	29.28
Others	537.22	5.21	339.70	2.98	1,609.90	12.25	906.69	16.32
Total export of CPD	**10,316.44**	**100.00**	**11,382.75**	**100.00**	**13,143.51**	**100.00**	**5,555.03**	**100.00**

(B) Jewellery Business

Currently, the manufacturing of diamond jewellery is undertaken by our subsidiary, Ciemme Jewels Limited. Going forward, our Company intends to utilize Rs. 240.74 million for setting up a jewellery manufacturing facility in Mumbai. For more details on the proposed business initiatives and fund requirements of our Company, please refer to chapter titled *"Objects of the Issue"* beginning on page 37 of the Draft Red Herring Prospectus.

Manufacturing process

The manufacturing process followed for diamond jewellery is shown in the following schematic diagram:



(1) Designing: The designs are developed on the basis of feed back from the market and the current trend in the jewellery market. The designs are finalized by the merchandiser, or on the basis of internal discussion and are then forwarded to the Model Making department.

(2) Model Making: Sample models of the selected designs are then made in silver. The models are made by using CAD and CAM machines and/or by skilled model makers. This model is then sent to the mould-cutting department.

(3) Mould Cutting: In this process, rubber or metal mould is made for mass production. The mould is first approved for commercial production by the product development department and a test trial of the design is carried out by making a finished gold piece.

(4) Wax and Wax Setting: Wax is injected into the rubber mould / metal mould to produce wax jewellery piece. These wax jewellery pieces are given finishing touches and precious stones are then studded on these wax pieces. All the wax jewellery pieces are then moulded together to form a tree so as to facilitate mass production. The wax tree so produced is then forwarded to the Casting Department.

(5) Casting: This wax tree is covered with investment powder and then put in burn out furnace in which gold is poured to obtain the contours in gold form. Subsequently, the gold tree is removed from the iron flasks and then forwarded for filing.

(6) Filing: In this stage, the excess metal in the grooves and channels in the jewellery pieces are removed. Thereafter, the jewellery pieces are filled for removing the rough surface of the pieces using different tools & hard buffs.

(7) Setting & finishing: Filed pieces are then sent to the hand setting department, where broken or missing diamonds are replaced or in the case of semi wax-set pieces, they are handset with the different type of settings as required. The pieces are then polished and sent to packaging and dispatch department.

(8) Polishing, Quality Control and Rhodium: The pieces from setting department sent to polishing where they are finished and sent for quality assurance and finally rhodium platted

Production facilities

The jewellery production facility of Ciemme Jewels Limited is located at 71-MIDC, Cross Road-C, Opp. SEEPZ Gate No.2, MIDC, Andheri (East), Mumbai, Maharashtra, India. The details of machinery at this facility are as under:

Sr. No.	Machinery	Nos.	Functionality
1	Wax Injector	02	Used for pulling out wax pieces from rubber mould
2	Investment Mixing	01	Used for investment mixing of wax tree
3	Furnace	02	Used for baking of wax tree.
4	Ultrasonic Machines	04	Used for cleaning of jewellery pieces at various stages
5	Striping Machine	01	Used for rough finishing of jewellery pieces.
6	Polishing Machine	10	Used for finishing of jewellery pieces.
7	Rhodium Plating Unit	01	Used for plating of jewellery pieces
8	Casting Machine	01	Used for casting of jewellery
9	Platting Machine	01	Used for platting of jewellery
10	Foredom Motor	100	Used for finishing of jewellery

Our Jewellery brand

Ciemme

We introduced our flagship brand “Ciemme” in 2003, as a life style brand. Under this flagship brand, we sell our jewellery products like rings, earrings, necklace sets, bracelets, based on various concepts.

As a brand building initiative, we introduced a brand loyalty program ‘Club Royale’ in 2006. As on date of the Draft Red Herring Prospectus, there are over 1100 members. To our privileged Club Royale members, we offer discounts and other benefits like product launch invites etc.

We believe that our existing brands and marketing initiatives will help us position us as a premier jewellery manufacturer catering to different age groups and varied preferences.

Our sales

We sell jewellery manufactured by us both in domestic as well as overseas markets namely USA and Middle East.

In overseas market, we sell jewellery only under “Ciemme” brand name. In USA we sell diamond jewellery to retail outlets through Ciemme (NY) LLC. In Middle East we directly sell it to the customers.

In the domestic markets, we sell jewellery manufactured by us using the following market channels:

Under “Ciemme” brand name through our exclusive showrooms and third party outlets including shop in shops and for unbranded jewellery through wholesalers and retailers.

The details of exclusive retail outlets, retail counters and retail partners of our subsidiary, Ciemme Jewels Limited in India, as on the date of the Draft Red Herring Prospectus, is given in the following table:

Particulars	Domestic				Total
	North	South	East	West	
Exclusive retail outlets	1	1	Nil	6	8
Franchisee outlets	Nil	Nil	1	Nil	1
Retail counters	1	1	Nil	3	5
Retail partners	62	52	61	28	203
Total	**64**	**54**	**62**	**37**	**217**

Raw Material

The principal raw materials for jewellery manufactured by us are cut and polished diamonds and gold, which constitutes around 90% of the total cost raw material consumed for jewellery manufacture.

Our suppliers

Our major suppliers are primarily supplier of rough diamonds.

The following table illustrates the concentration of raw material procurement (rough diamonds) among our top suppliers on a consolidated basis:

Suppliers	31-Mar-07		31-Mar-08		31-Mar-09		30-Sep-09	
	Raw material procured (Rs. in millions)	% of raw material procured	Raw material procured (Rs. in millions)	% of raw material procured	Raw material procured (Rs. in millions)	% of raw material procured	Raw material procured (Rs. in millions)	% of raw material procured
Top supplier	1,722.64	15.83	1,458.19	15.62	1,335.81	20.83	543.97	18.71
Top five suppliers	4,674.75	42.96	4,180.64	44.77	3,099.05	48.32	1,327.73	45.68
Top ten suppliers	6,298.68	57.88	5,812.94	62.25	4,070.88	63.47	1,644.21	56.56

Our Company has entered into the Sightholder (preferred supplier of rough diamonds) contract with Diamond Trading Company (DTC) the marketing arm of De Beers which extends for a period of three years beginning March 31, 2008. The Supplier of Choice" strategy includes a policy statement, and a code of professional and ethical standards ("Best Practice Principles") to insure continued consumer confidence through the diamond industry's commitment to the highest professional and ethical standards. Under the Contract diamond supplies by DTC to a Sightholder will be made available during a twelve month Selling Period (“Selling Period”).

Basic Requirements

Any entity interested in becoming a Sightholder must meet several requirements:

- Complete compliance with Best Practice Principles (BPP).
- Financial stability and dependability.
- A strong and stable market position - this status may stem from a specific market niche or a leading status in a certain country.
- Distribution abilities.
- Marketing skills – This point should be based on understanding and meeting the customers' needs, while maintaining profitability.
- Technical experience and expertise.

As a Sightholder under the DTC's Supplier of Choice program, we are assured a steady source of quality rough diamonds from the DTC at competitive prices.

Our customers

Our major customers are primarily customers of cut and polished diamonds.

The following table illustrates the concentration of our sales among our top customers on a consolidated basis:

Customers	2007		2008		2009		30-Sep-09	
	Sales (Rs. in millions)	% of Total Sales	Sales (Rs. in millions)	% of Total Sales	Sales (Rs. in millions)	% of Total Sales	Sales (Rs. in millions)	% of Total Sales
Top customers	2,040.60	12.31	1,302.81	7.52	1,717.01	13.78	1,033.16	16.20
Top five customers	6,455.20	38.93	5,257.19	30.35	6,632.33	53.22	2,751.00	43.14
Top ten customers	8,227.80	49.63	7,147.46	41.27	7,708.57	61.85	3,575.92	56.08

Our Competitors

We face competition in our cut and polished diamonds segment from the established players in the market. For jewellery segment, we face competition from the organized as well as the unorganized sector.

Management and staffing

As of January 31, 2010, our Company had 1,037 employees on its payroll.

Function/Designation wise and location wise break-up of total employees of our Company as of January 31, 2010, is as under:

Sr. No.	Cadre	Udhna, Surat	A.K. Road, Surat	Kadampalli, Surat	Mumbai	Total Manpower
1	Presidents and Vice Presidents	1	1	-	-	2
2	General Managers	1	2	-	1	4
3	Senior Managers	1	2	-	8	11
4	Managers / Executives	8	12	2	9	31
5	Supervisors	25	43	-	3	71
6	Workers / Labours and Polished Assorters	240	467	9	42	758
7	Staff and Administrative	54	49	13	40	156
8	Sales And Marketing	-	-	-	4	4
Total		**330**	**576**	**24**	**107**	**1037**

Export Obligation

We have obtained licences under Export Promotion Capital Goods ("EPCG") scheme. As per the licencing requirement under the said scheme, we are required to export the finished goods of a defined amount within a period of 8 years from the date of the licence, failing which, our Company will have to pay to the Government of India, an amount equivalent to the duty benefit enjoyed by our Company under the said scheme along with

interest. We have no export obligations as on September 30, 2009. For further details on the same please refer to chapter titled "Government and Other Statutory Approvals" beginning on page 226 of the Draft Red Herring Prospectus.

Properties

The following table sets forth the location and other details of freehold properties owned by our Company:

Owned Properties of our Company

Sr. No.	Date of Sale Deed / Agreement for Sale	Name of the Purchaser / Transferee / Occupier	Name of the Seller / Transferor	Consideration (Rs.)	Area	Particulars of the Property, Description	Usage
1.	Sale Deed dated February 20, 2002	C Mahendra Exports	Mr. Praful Shantichand Jhaveri Smt. Kirtika Praful Jhaveri	70,65,000	Premises admeasuring 1,340 square feet.	Flat No. A5, 3rd Floor, Nagindas Mansion, 57-61, Jagnnath Shankersheth road, Opera house, Mumbai- 400 004.	Official
2.	Sale Deed dated June 14, 2000	C Mahendra Exports	Mr. Shripad M. Kulkarny	32,00,000	Premises admeasuring 935 square feet	Flat no. A6, Nagindas Mansion 3rd floor, 57-61 JSS Road Opera House Mumbai 400004.	Official
3.	Agreement for Sale December 14, 1984	C Mahendra Exports	Mr. Sesha Doraiswamy Iyer	9,08,600	826 square feet	Flat no. 1204, 12th Floor, Panchratna Coop. Hsg. Society Ltd, plot no. 16, Mathew Road Estate, Opera House, Queens Road, Mama Parmanand Marg, Mumbai 400 004	Official
4.	Agreement for Sale dated June 29, 1994	C Mahendra Exports	M/s. B.R.A. Corporations	1,28,00,000	775 square feet	Unit nos. 612,612-A, Sixth floor, Prasad Chambers Premises Co. Op. Society Ltd., Swadeshi Mill Compound,	Official

Sr. No.	Date of Sale Deed / Agreement for Sale	Name of the Purchaser / Transferee / Occupier	Name of the Seller / Transferor	Consideration (Rs.)	Area	Particulars of the Property, Description	Usage
						Opera House, Mumbai 400 004	
5.	Sale deed dated April 07, 1992	C Mahendra Exports	Mr. Dosalal Nagindas Shah and Mr. Rasiklal Nagindad Shah	6,00,000	7,875 Square feet	Plot No.10, Type "A", Block No. 26, Udhna Udyognagar Sahakari Sangh Ltd, Udhna, Surat.	Industrial
6.	Sale Deed dated October 17, 1987	C Mahendra Exports	Suraj Enterprises	1,96,000	6,075 Square feet	Plot No.9, Type "A", Block No. 26, Udhna Udyognagar Sahakari Sangh Ltd, Surat.	Industrial
7.	Sale Deed dated March 18, 2006	C Mahendra Exports Ltd.	Sarjan Realities Limited	1,20,000	0.81 Hectares	Immovable properties situated at Village Tisangi, Taluka Kavathe Mahankal, Sangali District, bearing ghat / survey nos. 474 ands 476, class I together with the usual right of way.	Official
8.	Sale Deed dated December 30, 2005	C Mahendra Exports Ltd.	Sarjan Realities Limited	2,40,000	4 Hectares	Immovable properties situated at Village Ghatnandre, Taluka Kavathe Mahankal, Sangali District, bearing ghat / survey nos. 388 and 479, class I together with the usual right of way.	Official
9.	Sale Deed dated December	C Mahendra Exports Ltd.	Sarjan Realities Limited	6,00,000	10.00 Hectares	Immovable properties situated at	Official

Sr. No.	Date of Sale Deed / Agreement for Sale	Name of the Purchaser / Transferee / Occupier	Name of the Seller / Transferor	Consideration (Rs.)	Area	Particulars of the Property, Description	Usage
	22, 2005					Village Ghatnandre, Taluka Kavathe Mahankal, Sangali District, bearing ghat / survey nos. 435, 453, 456, 478 and 851, class I together with the usual right of way.	
10.	Letter dated December 12, 1999	C. Mahendra Exports Ltd.	-Bharat Diamond Bourse	37,134,320	5,000 sq ft (further *vide* letter dated February 10, 2010 additonal 108 sq ft was added to the existing area after actual measurement was taken by the Bourse architect)	Office premise bearing no. CC6011 and situated at Bandra Kurla Complex, Off Bandra-Kurla Link Road, Bandra East, Mumbai 400 051.	Not being used currently
11.	Sale Deed dated August 25, 1994	Champaklal K Mehta, Mahendra C Shah, Pravin C. Shah, Prakash.K.Mehta, Pravin K. Mehta, Kanu C.Shah and Mongiben Chandulal Shah	Chandrakant Leharchand Shah and Indumatiben Chandrakant Shah	4,400,000	586 sq. yards	Office premises situated on plot no. 26 in the Surat District, Choryasi Sub-District, Taluka Choryasi, City of Surat in the locality of Nanpura, Timaliyawad of Shri Kadampali Co-op Housing Society Limited, bearing plot no. 26 together with the bunglows made therein and the	Official

Sr. No.	Date of Sale Deed / Agreement for Sale	Name of the Purchaser / Transferee / Occupier	Name of the Seller / Transferor	Consideration (Rs.)	Area	Particulars of the Property, Description	Usage
						surrounding wall*	
12.	Allotment Letter dated March 10, 2010**	C Mahendra Exports Limited	Gujarat Hira Bourse	6,000,000	3,000 sq yards	Ichchhapore, SEZ, Surat	Industrial

*The immovable property on which the office premise is situated is not in the name of our Company.

** This property is in relation to the Objects of the Issue

The following table sets forth the location and other details of the leasehold properties of our Company:

Sr. No.	Details of Deed / Assignment	Nature of right granted	Particulars of the Property, Description & Area	Consideration/ license fee/Rent (Rs.)	Tenure/Term	Existing Usage
1.	Lease Deeds made and entered into by C. Mahendra Exports ("the Licensee") with Ashesha Trading Private Limited, All Right Trading Private Limited and Polo Developers Private Limited respectively, ("the Licensors") in respect of each portion of land, all dated April 02, 2005.	Lease	Portions of land bearing nondh nos. 1959/A12, 1959/A13 and 1959/A14, situated in Village Katargam, District: Surat, Taluka: Choryasi, comprised in old Revenue Survey admeasuring 2,589.99 sq. mtrs (863.33 x 3)	Rs. 240,000 (Rupees Two Hundred and Forty Thousand Only) payable on each portion of land.	10 years commencing from April 01, 2005 to March 31, 2015.	Industrial
2.	Leave and Licence Agreement dated May 11, 2009 made and entered into between Mrs. Puspha Jayantilal Shah and Mr. Jayantilal Shah ("the Licensors") and M/s. C.Mahendra Exports ("the Licensee")	License	Flat no.4 on 2nd Floor, Nagindas Mansion Co-operative Society situated at 57-61, Jagannath Shankerseth road, Opera House, Mumbai – 400004 admeasurin 950 sq. ft.	Security deposit of Rs. 250,000 (Rupees Two Hundred and Fifty Thousand Only) and license fee of Rs. 25,000 (Rupees Twenty Five Thousand Only) per month.	11 months commencing from May 1, 2009 to March 31, 2010	Office
3.	Lease Deed dated December 5, 2006 executed between M/s. R. S. Promoters ("the Lessor') and M/s C. Mahendra	Lease	Premises situated on 2nd floor, property no. 204/207/2661, situated at Panchratna Building Street No.	Security deposit of Rs. 156,000 (Rupees One Fifty Six Thousand Only) and lease rent of Rs. 9,000	5 years commencing from April 1, 2006 to February 20, 2011.	Office

Sr. No.	Details of Deed / Assignment	Nature of right granted	Particulars of the Property, Description & Area	Consideration/ license fee/Rent (Rs.)	Tenure/Term	Existing Usage
	Exports ('the Lessee")		3, Opp. Mohan Ghee, Beadonpura, Gali no. 2m, Gurdwara Road, Karol Bagh, New Delhi – 110005 together with the common passage and common stairs with all other common facilities. Admeasuring 1000 sq ft.	(Rupees Nine Thousand Only) .		
4.	Yearly rent receipt no. 215 issued by the owner, Abhechand Mulchand (HUF) in the name of C. Mahendra Exports.	Lease	Flat situated room no. 5, 1st floor, Zaveri Building, Charni Road, Mumbai- 400004 admeasuring 200 Sq ft.	Annual lease aggregating to Rs. 4,440 (Rupees Four Thousand Four Hundred Forty Only) (being monthly lease rent of Rs. 370)	1 year commencing from January 1, 2009 upto December 31, 2009*	Official
5.	Sub Lease Deed dated September 19, 2007 made and entered into between Suzlon Gujarat Wind Park Limited ("the Sub Lessor") and C. Mahendra Exports Limited ("the Sub Lessee)	Lease	Government waste land situated at Village Rapargadh, Taluka Abdasa part of the Government land R.S. no. 148/p of Mouje, Village Rapargadh, Taluka Abdasa in the District of Kutch, Bhuj. Admeasuring 10,000 sq. mtrs	Annual lease rent of Rs. 10,000 (Rupees Ten Thousand Only) per 10,000 sq. mtrs.	20 years commencing from February 22, 2006 upto February 21, 2026	Wind power generation
6.	Sub Lease Deed dated September 19, 2007 made and entered into by and between Suzlon Gujarat Wind Park Limited ("the Sub Lessor") and C. Mahendra Exports Limited ("the Sub Lessee)	Lease	Government waste land situated at Village Moti Sindhod, Taluka Abdasa part of the Government land R.S. no. 286/p of Mouje, Village Moti Sindhod, Taluka Abdasa in the District of Kutch, Bhuj admeasuring 10,000 sq.mts	Annual lease rent of Rs. 10,000 (Rupees Ten Thousand Only) per 10,000 sq. mtrs.	20 years commencing from February 28, 2007 upto February 27, 2027.	Wind power generation

**The lease has expired on December 31, 2009 and the Company is still using the premises and is in the process of renewing the same.*

Intellectual Property

Following table sets forth the details of the trademarks registered with the Trade Marks Registry Mumbai, under class 14 as defined under the IV Schedule of the Trademark Rules, 2002. The following trademarks are either in the name of the partnership firm, M/s. C. Mahendra Exports (now C.Mahendra Exports Limited) or in the name of our Subsidiary Ciemme Jewels Private Limited (now Ciemme Jewels Limited).

Sr. No.	Trademark Registration No.	Trademark/ Tradename	Description of goods/services	Validity Period From	Validity Period To
Registrations in the name of M/s. C. mahendra Exports (now C.Mahendra Exports Limited)*					
1.	1195472	C. M. Jewels	Diamond Jewellery	April 30, 2003	April 29, 2013
2.	1195471	C. Mahendra	Diamond Jewellery	April 30, 2003	April 29, 2013
3.	1206556	CMNY	Diamond studded gold Jewellery	June 16, 2003	June 15, 2013
4.	1195473	Ciemme	Diamonds, Jewellery	April 30, 2003	April 29, 2013
Registrations in the name of Ciemme Jewels Private Limited (now Ciemme Jewels Limited)**					
5.	1433818	Ciemme Bandhan	Diamond studded gold Jewellery	June 1, 2004	May 31, 2014

Trademarks applied for but not received

Following table sets forth the details of the trademarks applied for with the Trade Marks Registry Mumbai, under class 14 as defined under the IV Schedule of the Trademark Rules, 2002. The following trademarks are applied either in the name of Ciemme Jewels Limited.

Sr. No.	Date of Application	Trademark application number	Trademarks / Trademark
1.	August 21, 2003	1224881	Jhankar
2.	August 21, 2003	1224882	Jharokha
3.	September 11, 2003	1234468	Naughty and Nice
4.	August 13, 2003	1222652	Lord of the Rings
5.	August 21, 2003	1224878	Damini You Be The Leading Light
6.	August 21, 2003	1224876	AKS
7.	August 7, 2008	1719075	Damini
8.	August 7, 2008	1719076	Aishwarya

Insurance

Overall we generally maintain insurance covering our assets and operations at levels that we believe to be appropriate for our business. We possess multiple Standard Fire and Special Perils policies in respect of our buildings, offices, plant and machinery including accessories and electrical installations against Earthquake, Fire & shocks. We also possess Key man insurance in respect of Mr. Mahendra C. Shah, Mr. Champaklal K. Mehta and Mr. Babulal V. Virvadia and a Jewellery Block policy that covers both Jewellery and Cash/ Currency notes in premises, display window, private lockers and when in transit.

These insurance policies are reviewed periodically to ensure that the coverage is adequate. All these policies are in existence and premiums have been paid thereon.

Although we consider our insurance coverage to be of a type and level that is economically prudent, we cannot assure you that we will be able to maintain insurance at a rate which we consider commercially reasonable or that such coverage will be adequate to cover any claims that may arise.

KEY INDUSTRY REGULATIONS AND POLICIES

Our Group is an integrated diamond and diamond jewellery player encompassing sourcing of rough diamonds, trading of rough and polished diamonds, processing of diamonds and manufacture of diamond jewellery. There are no specific laws in India governing the gems and jewellery industry in India. However our Company's works are situated in Export Oriented Zone, which are governed by certain policies and laws.

The following description is a summary of certain relevant regulations and policies promulgated by the Government of India and other regulatory authorities applicable to our Company's business. The regulations set forth below have been obtained from publications in the public domain. These regulationsmay not be exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice.

Taxation statutes such as the Income Tax Act, 1961, Central Sales Tax Act, 1956, the Finance Act, 1994 the Shops and Establishments Act, 1958, and applicable local sales tax statutes, labour regulations such as the Employees' State Insurance Act, 1948 and the Employees' Provident Fund and Miscellaneous Act, 1952, and other miscellaneous regulations and statutes such as the Trade Marks Act, 1999 apply to us as they do to any other Indian company and therefore have not been detailed below. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Foreign Trade Policy 2009-2014

The Foreign Trade Policy 2009 - 2014 (replacing the erstwhile–Foreign Trade Policy 2004-2009). The Policy provides for policy measures including fiscal incentives, institutional changes, procedural rationalization, enhanced market access across the world and diversification of export markets. The legislation on EOUs and SEZs covers the concept of the developer and co- developer, incorporate the provision of virtual SEZs, have fiscal concessions under the Income Tax and Customs Act, provide for Offshore Banking Units (OBUs) etc. Policy relating to EOUs, EHTPs, STPs and BTPs Schemes is covered under chapter 6 and 7 of the Foreign Trade Policy which includes the following:

The facilities available in respect of SEZs and EOUs for the gems and jewellery units are given as under:

- EOUs shall be permitted to export jewellery on basis of a notional rate certificate issued by nominated agency. This rate will be based on prevailing Gold / US$ rate and US$ / INR rate in notional rate certificate. Certificate issued by nominated agency should not be older than 7 working days of date of shipment.
- Exporter shall have flexibility to fix price and repay gold loan within 180 days from date of export. Price shall be communicated to nominated agencies who will issue a certificate showing final confirmation of rate to bank negotiating document, to ensure export proceeds are realized at this rate.
- Gem & Jewellery and Jewellery EOUs may re-export imported goods and export domestically procured goods, including goods generated out of partial processing / manufacture. Besides, supply of unsuitable / broken cut and polished diamonds, precious and semi-precious stones upto 5% of value of imported or indigenously procured goods to Domestic Tariff Area against valid Gem & Jewellery REP as applicable on payment of appropriate duty is also permitted.
- Exemption of duties for goods those are imported / procured from the Domestic Tariff Area.
- Eligibility for grant of Replenishment Licenses for the supply of precious and semi-precious stones, synthetic stones and processed pearls from Domestic Tariff Area to the units situated in SEZ.
- Permission for display / sale of exported jewellery in the permitted shops set up abroad.
- Permission for Sub-contracting through other SEZ units or EOUs or units in DTA
- Permission for Import/ export through personal carriage of gem and jewellery items.
- Export of free samples, without any limit, including samples made in wax moulds, silver mould and rubber moulds through all permissible mode of export including through couriers agencies/post.
- No payment of duty in case capital goods, raw material, consumables, spares, and goods manufactured, processed or packaged.
- Exemption under section 80 IA of the Income Tax Act, 1961.
- Foreign Equity up to 100% is permissible for all manufacturing activities under automatic route.
- SEZ units may retain 100% of their export proceeds in their Exchange Earners Foreign Currency (EEFC) Accounts.
- SEZ units are exempt from Service tax

Further 100% EOUs are entitled to the following incentives:

- Duty-free imports of capital goods, spares, raw materials and consumables required for the approved activity.
- Duty-free access to Indian capital goods and inputs. Taxes may either be exempt or reimbursed in case they are paid.
- Preferential access to the Indian market for their service/product (View More)
- Obligation to bring in export proceeds in foreign currency within 12 months only, with facility to retain 100 % in foreign currency in EEFC account.
- Free repatriation of dividends and profits, without any repatriation tax.
- Exemption from Corporate Income Tax as per the provisions of Section 10 A and 10 B of Income Tax Act.
- Automatic approvals system for use of trademarks, brand names and technological know-how, subject to meeting norms such as royalty not exceeding 2% on exports and 1% on domestic sales for use of foreign trademarks/brand name without technology transfer, royalty not exceeding 8% on exports and 5% on domestic sales for use of trademarks/brand names by wholly owned subsidiaries to offshore parent companies without technology transfer, and lump sum payment not exceeding USD 2 million, and royalty not exceeding 5% on domestic sales and 8% on exports sales in case of technology transfer.
- Can subcontract capacities for export production against orders secured by other units;
- Can subcontract production or part of production process to Indian/foreign units;
- Income tax benefits under Section 10(A) for IT industry and under Section 10(B) for 100% export oriented units for one additional year till 31st March 2011.

In addition to the abovementioned With a view to continously increasing our percentage share of global trade and expanding employment opportunities, certain special focus initiatives have been identified in the foreign trade policy (2009-2014), wherein the following measures have been announced for gem & jewellery sector:

- The limit value of jewellery parcels for export through foreign post office (including via speed post) has been raised from US$ 50,000 to US$ 75,000
- The export of coloured gemstones on consignment basis has been allowed.
- Surat (Surat Hira Bourse) has been included the port of export for gold/silver/platinum jewellery.
- The time period for re-import of branded jewellery remaining unsold has been extended from 180 days to 365 days.
- Clarification has been given with regards to replenishment authorization for duty free import of consumables, machinery, tools and equipments against export of cut & polished diamonds.
- Conditions (i.e. an exporter with turnover of Rs 5 crores for last 3 years) for sending diamonds for certification/grading to laboratories have been removed.
- The income tax exemption available to 100% EOUs under Section 10B of Income Tax Act , which was set to expire on 31.03.2010 has now been extended till 31.03.2011.
- The existing 3 % EPCG Scheme has been considerably simplified, to ease its usage by the exporters.
- Duty Free Import Entitlement (based on FOBvalue of exports during previous financial year) of Consumables and Tools, for:
    1. Jewellery made out of:
        (a) Precious metals (other than Gold & Platinum)– 2%
        (b) Gold and Platinum – 1%
        (c) Rhodium finished Silver – 3%
    2. Cut and Polished Diamonds – 1%
- Duty free import entitlement of commercial samples shall be Rs. 300,000
- Duty free re-import entitlement for rejected jewellery shall be 2% of FOB value of exports.
- Import of Diamonds on consignment basis for Certification/ Grading & re-export by the authorized offices/agencies of Gemological Institute of America(GIA) in India or other approved agencies will be permitted.
- Personal carriage of Gems & Jewellery products in case of holding/participating in overseas exhibitions increased to US$ 5 million and to US$ 1 million in case of export promotion tours
- Extension in number of days for re-import of unsold items in case of participation in an exhibition in USA increased to 90 days

Special Economic Zone Act, 2005 and the Gujarat Special Economic Zones Act, 2004

Special Economic Zone Act, 2005 is an act to provide for the establishment, development and management of the Special Economic Zones. Major objectives of the SEZ Act include generation of additional economic activity, promotion of export of goods and services, investment from domestic and foreign sources and creation of employment opportunities.
Gujarat Special Economic Zone Act, 2004 was enacted to provide for the operation, maintenance, management and administration of a Special Economic Zone and to constitute an Authority and for matters

Connected therewith or incidental thereto. The salient features of Gujarat Special Economic Zone Act, 2004 includes a designated duty free enclave to be treated as foreign territory only for trade operations and duties and tariffs, No license requirement for import, Allowance of Manufacturing, trading or service activities, SEZ units to be positive net foreign exchange earner within three years, Domestic sales subjected to full customs duty and import policy in force, Full freedom for subcontracting, Duty-free goods to be utilised over the approval period of 5 years, No routine examination by customs authorities of export/import cargo and Minimum size of multi-product SEZ, not to be less than 1000 hectares.

Special Economic Zone Rules 2006

The SEZ rules provide for simplification of procedures and for single window clearance on matters relating to Central as well as State Governments for setting up of SEZs and a 'unit' in SEZ. The SEZ Rules also prescribe the procedure for the operation and maintenance of an SEZ, for setting up and conducting business therein with an emphasis on 'self certification' and the terms and conditions subject to which entrepreneur and developer shall be entitled to exemptions, drawbacks and concessions etc. The SEZ Rules also provide for the minimum area requirement for various categories of SEZs.

Foreign Exchange Management Act, 1999 (FEMA)

Foreign Exchange Management Act consolidates and amends the laws relating to foreign exchange with the objective of Facilitating external trade and payments and for promoting the orderly development and maintenance of foreign exchange market in India. Under the Industrial Policy and as per Notification NO.FEMA 36/2001-RB dated February 27 2001, foreign direct investment up to 100% is permitted in the gems and jewellery industry.

Further as per Press Note 9 of 2000- 100% FDI is permitted through Automatic Route for all manufacturing activities in SEZs other than arms and ammunition , atomic substances, narcotic and psychotropic substances, hazardous chemicals, distillation and brewing of alcoholic beverages, cigarettes, cigars and tobacco substitutes.

Gem and Jewellery Export Promotion Council

The Government of India has designated the Gem and Jewellery Export Promotion Council (GJEPC) as the importing and exporting authority in India in keeping with its international obligations under section IV (b) of the Kimberley Process Certification Scheme (KPCS). The Kimberley Process is a joint government, international diamond and civil society initiative to stem the flow of conflict diamonds, which are rough diamonds used by rebel movements to finance wars against legitimate governments. The Kimberley Process comprises participating governments that represent approximately 98% of the world trade in rough diamonds.

The KPCS has been implemented in India from January 1, 2003 by the Government of India through communication No. 12/13/2000-EP (GJ) dated November 13, 2002. The GJEPC has been notified as the nodal agency for trade in rough diamonds under para 2.2, chapter 2 of the Export-Import Policy of India (2002-2007). Accordingly, the verification and issuance of Kimberley Process certificates is administered though the Mumbai and Surat offices of GJEPC.

HISTORY AND OTHER CORPORATE MATTERS

Brief Corporate History of our Company

The founder Promoters of our Company, Mr. Mahendra C. Shah and Mr. Champaklal K. Mehta started their business jointly in 1974. The flagship company of our Group, C. Mahendra Exports Limited was formed in 1978 in the form of a partnership firm under the name and style of "C. Mahendra Exports", to carry on the business of manufacturing and trading of diamonds, precious stones and jewellery. In 1993, the firm began its own factory for manufacturing polished diamond in Surat and by 2006, it also started a manufacturing unit at Varachha Road, Surat.

The constitution of the partnership firm was changed from time to time and in the year 2006 the partners as on that date viz. Mahendra C. Shah, Champaklal K. Mehta, Pravin C. Shah, Prakash K. Mehta, Kanu C. Shah, Suresh K. Mehta, Paras C. Mehta, Sandeep M. Shah, Samir P. Shah, Suken P. Shah, Kevin P. Mehta and Pravin K. Mehta agreed to convert the business of the firm into a private limited company under the name and style C. Mahendra Exports Private Limited under section 566 of the Companies Act, 1956 for which a certificate of incorporation was issued on January 4, 2007 by the Registrar of Companies, Maharashtra.

The partnership firm was converted into a public limited company on March 14, 2007 pursuant to a special resolution passed by the shareholders of our Company at the EGM dated January 29, 2007. A fresh certificate of incorporation was issued consequent upon change of name from C. Mahendra Exports Private Limited to C. Mahendra Exports Limited.

For further details in relation to capacity/facility creation of our Company, location of our units, products, marketing, competition etc, description of our activities, services, market of each segment, the growth of our Company, exports and profits due to foreign operations together with the country-wise analysis, standing of our Company with reference to the prominent competitors with reference to our products, management, major suppliers and customers, and details of technology, market, managerial competence and capacity built-up, refer to the chapter titled "*Business Overview*", "*Our Management*" and Section titled "*Financial Statements*" beginning on pages 66, 97and 121 respectively.

Changes in the activities of our Company during the last five years

Except as otherwise stated in the chapters titled "*Business Overview*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", on beginning on pages 66 and 194, respectively of the Draft Red Herring Prospectus, there have been no changes in the activities of our Company during the last five years preceding the date of the Draft Red Herring Prospectus, which may have had a material effect on our profits or loss, including discontinuance of our lines of business, loss of agencies or markets and similar factors.

Main objects of Our Company

Our main objects as contained in our Memorandum of Association are:

1. To act as importers, exporters, manufacturers, processors, job – workers, wholesalers, distributors, commission agents, retailers, dealers, prospectors and indenting agents of Rough and Polished Diamonds, precious and semi-precious stones, synthetic stones, jewellery of every description, studded gold jewellery, plain gold jewellery, platinum plain and studded jewellery, silver jewellery and, gems of every description.

2. To carry on the business of generation, distribution, transmission and supply of electrical power including that generated by conventional, non-conventional methods including coal, gas, lignite, oil, bio-mass, waste, thermal, solar, hydel, geo-hydel, windmill and tidal waves.

3. To carry on all or any of the abovementioned objects whether solely or in or through a joint venture or partnership or association or by means of collaboration or other understanding or agreement with any other company, organization or any other entity or body corporate of persons or body of individuals, whether incorporated or not incorporated or by incorporating or promoting any of the aforesaid company or by investing or acquiring and holding shares or other securities of or interest of any kind or description in any other company or body corporate of persons or body of individuals, whether incorporated or not incorporated having objects or purpose similar to this company, whether incorporated or otherwise set up in India or elsewhere.

Changes in the Registered Office

There has been no change in the Registered Office of our Company since incorporation.

Major events and milestones

Year	Major Events
1978	Incorporated as a partnership firm under the name and style of 'C. Mahendra Exports'
1989	Established C. Mahendra Exports (H.K.) Ltd., Hong Kong marketing office
1989	Recognised as an Export House for a period of three years ended March 31, 1992
1990	Established C. Mahendra Exports USA Inc. marketing office
1991	Selected as a DTC Sightholder
1992	Recognised as a Trading House for a period of three years ended March 31, 1999
1999	Recognised as a Star Trading House for a period of three years ended March 31, 2002
2003	Established Ciemme Jewels Pvt Ltd to manufacture diamond jewellery in Andheri, Mumbai
2003	Established C.Mahendra B.V.B.A. , Antwerp for procurement of raw material
2003	Launched flagship diamond jewellery brand 'Ciemme'
2006	Established second diamond cutting and polishing factory in Varachha, Surat (100 % EOU)
2007	Conversion into Company with the name "C.Mahendra Exports Private Limited" under Part IX, Section 566 of the Companies Act, 1956. Conversion of Company into Public Limited Company as C. Mahendra Exports Limited.

Awards and Recognitions

Over the years, our endeavors and performance have been recognized by various industry bodies as evident from the following awards received by us:

Year	Awards and recognitions
1987	Certificate of merit awarded by GJEPC for the best export performance (Non DTC category)
1988	Certificate of merit awarded by GJEPC for the best export performance (Non DTC category)
1989	Certificate of merit awarded by GJEPC for the best export performance (Non DTC category)
1989	Recognised as an Export House for a period of three years ended March 31, 1992
1991	Selected as a DTC Sightholder
1996	Recognised as a Trading House for a period of three years ended March 31, 1999
1999	Recognised as a Star Trading House for a period of three years ended March 31, 2002*
2002	Ranked Third for Outstanding Export Performance in DTC category for the year 2001-02
2003	Ranked Fifth for Outstanding Export Performance in DTC category for the year 2002-03
2004	i. Selected as a partner for launch of 'Sangini' diamond jewellery brand in India by DTC Ranked Fifth for Outstanding Export Performance in DTC category for the year 2003-04
2006	Outstanding Export Performance and contribution to trade by GJEPC for the year 2005-06
2007	i. 4th highest Export Award for outstanding Export performance under DTC Category by GJEPC for the year 2006-07
2008	Ranked Fourth for Outstanding Export Performance in DTC category for the year 2007-08

** Since 1999, our Company has been continuously recognised as a Star Trading House on the basis of the periodic review of the export performance of our Company. The status is currently valid till March 31, 2012.*

Changes in Memorandum of Association of our Company

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

Date of Shareholders' Approval	Changes in Memorandum of Association
January 29, 2007	The name of our Company was changed from C. Mahendra Exports Private Limited to C. Mahendra Exports Limited
January 31, 2008	The initial authorized share capital of Rs. 300,000,000 divided into 30,000,000 Equity Shares of Rs.10/- each was increased to Rs. 450,000,000 divided into 45,000,000 Equity Shares of Rs.10/- each

Date of Shareholders' Approval	Changes in Memorandum of Association
April 26, 2008	Amendment to the Main Object clause: 1. "To act as importers, exporters, manufacturers, processors, job – workers, wholesalers, distributors, commission agents, retailers, dealers, prospectors and indenting agents of Rough and Polished Diamonds, precious and semi-precious stones, synthetic stones, jewellery of every description, studded gold jewellery, plain gold jewellery, platinum plain and studded jewellery, silver jewellery and, gems of every description. 2. To carry on the business of generation, distribution, transmission and supply of electrical power including that generated by conventional, non-conventional methods including coal, gas, lignite, oil, bio-mass, waste, thermal, solar, hydel, geo-hydel, windmill and tidal waves. 3. To carry on all or any of the abovementioned objects whether solely or in or through a joint venture or partnership or association or by means of collaboration or other understanding or agreement with any other company, organization or any other entity or body corporate of persons or body of individuals, whether incorporated or not incorporated or by incorporating or promoting any of the aforesaid company or by investing or acquiring and holding shares or other securities of or interest of any kind or description in any other company or body corporate of persons or body of individuals, whether incorporated or not incorporated having objects or purpose similar to this company, whether incorporated or otherwise set up in India or elsewhere."
March 04, 2010	The Authorised Share Capital was increased from 45,000,000 Equity Shares aggregating to Rs. 450,000,000/- to 75,000,000 shares of Rs 10/- each aggregating to Rs. 750,000,000 (out of which 62,500,000 are Equity Shares and 12,500,000 are 6% Redeemable Preference Shares)

Business Agreements

Consulting Services Agreement between Nastek Solutions Pvt. Ltd ("Supplier") and C Mahendra Exports Ltd ("Company").

The Company has entered into a Consulting Services Agreement dated August 23, 2008 with Nastek Solutions Pvt. Ltd for supply of the services including Business Consulting services, SAP consulting services, SAP supporting services and any other services on a non-exclusive basis in India and any additional countries agreed upon in advance in writing by them.

The key covenants of the Agreement are as follows:

(a) The term of the Agreement commenced on September 18, 2008 and continues till completion of the assignment as mentioned in the proposal subject to review and renewal by mutual written consent. The Agreement can be terminated by either party at any time upon 30 days written notice to the other party

(b) Supplier will facilitate 50% user extra to the Company with no cost and will create users within the system.

(c) Company is to give prior consent for the removal and replacement of any employees of the Supplier performing services hereunder. The Company also has the right to request that particular Supplier employees be assigned to perform the services or that a particular employee of the Supplier be replaced.

(d) Supplier is open to subcontract or assign any portion of the services or any monies due hereunder with the prior written approval of the Company

Supplier reserves the right to cancel this agreement in the event of default by the Company, and shall not be liable for damages caused by delays which are due to causes beyond the Supplier's control provided the Company is promptly notified in writing as soon as such delay becomes apparent, and insofar as reasonable attempts to mitigate such damages are made by Supplier.

DETAILS OF OUR SUBSIDIARIES

Unless otherwise stated, none of our Subsidiaries have been declared sick companies under the Sick Industrial Companies (Special Provisions) Act, 1985 and no winding-up proceeding have been initiated against any of them. Further, unless otherwise stated, no application has been made in respect of any of our Subsidiaries to the respective registrar of companies for striking off their names.

Unless otherwise stated, the equity shares of none of our Subsidiaries are listed on any stock exchange and none of them have made any public issue of securities in the preceding three years.

Further, none of our Subsidiaries have any accumulated profits/losses that have not been accounted for, unless stated otherwise.

As on the date of the Draft Red Herring Prospectus, our Subsidiaries and our shareholding in our Subsidiaries is as follows:

Direct subsidiaries of C. Mahendra Exports Limited

Name of Subsidiary	Effective date of becoming Subsidiary	Extent of holding as on the date of the Draft Red Herring Prospectus (%)
C. Mahendra International, India	November 11, 2003	100.00
C. Mahendra BVBA, Antwerp	May 14, 2004*	54.04

**Previously C. Mahendra BVBA was the direct subsidiary of C. Mahendra International Limited. Pursuant to transfer of shares to C. Mahendra Exports Limited, C. Mahendra BVBA became the direct subsidiary of C. Mahendra Exports Limited with effect from March 25, 2008 holding 54.04% and the balance is held by C. Mahendra International, India.*

Direct subsidiaries of C. Mahendra International, India

Name of Subsidiary	Effective date of becoming Subsidiary	Extent of holding as on the date of the Draft Red Herring Prospectus (%)
Ciemme Jewels Limited, India	December 04, 2003	100.00
Ciemme (LA) Inc., USA	November 11, 2003	100.00
C. Mahendra Exports (HK) Limited, Hong Kong	Since incorporation	100.00
C. Mahendra (USA) Inc., USA	Since incorporation	100.00

Direct subsidiaries of C. Mahendra (USA) Inc., USA

Name of Subsidiary	Effective date of becoming Subsidiary	Extent of holding as on the date of the Draft Red Herring Prospectus (%)
C. Mahendra (NY) LLC, USA	Since incorporation	99.00
Ciemme (NY) LLC, USA	Since incorporation	99.00

DIRECT SUBSIDIARIES OF C.MAHENDRA EXPORTS LIMITED

1. C. Mahendra International Limited, India ("CMIL")

C. Mahendra International Limited was incorporated on March 15, 1994 with the registration no. 11-77071 of 1994 to buy, sell, export, import, deal and manufacture, diamonds, precious stones, semi-precious stones, jewellery, diamond jewellery, silver, platinum, gold, rough diamonds, gems and pearls. The registered office of CMIL is situated at 1204, Panchratna, 12th Floor, Opera House, Mumbai 400 004, Maharashtra, India.

The authorised share capital of CMIL is 30 million.

The Board of Directors as on the date of the DRHP

Sr.No.	Name of directors
1.	Mr. Mahendra C. Shah
2.	Mr. Champaklal K. Mehta
3.	Mr. Prakash K. Mehta
4.	Mr. Pravin C.Shah
5.	Mr. Kanu C.Shah
6.	Mr. Pravin K. Mehta
7.	Mr. Suresh K. Mehta
8.	Mr. Sandeep M.Shah

Shareholding Pattern as on the date of the DRHP

Name of the Shareholder	No. of equity shares	Percentage Shareholding (%)
C. Mahendra Exports Limited	112,500	99.73
Mr. Mahendra C. Shah - Nominee of C.Mahendra Exports Limited	50	0.04
Mr. Champaklal K. Mehta - Nominee of C.Mahendra Exports Limited	50	0.04
Mr. Prakash K. Mehta - Nominee of C.Mahendra Exports Limited	50	0.04
Mr. Pravin C. Shah - Nominee of C.Mahendra Exports Limited	50	0.04
Mr. Kanu C. Shah - Nominee of C.Mahendra Exports Limited	50	0.04
Mr. Pravin K. Mehta - Nominee of C.Mahendra Exports Limited	50	0.04
Total	**112,800**	**100.00**

Prior to January 14, 2008, the shareholders of C. Mahendra International Limited constituting our Promoters and their relatives held 150,400 equity shares of C. Mahendra International Limited. Pursuant to a special resolution passed by its shareholders at the general meeting held on December 17, 2007, C. Mahendra International Limited bought-back 37,600 shares from its shareholders as per provisions of section 77A of the Companies Act, 1956. Subsequent to the buy back our Company acquired an additional 12,500 equity shares from the existing shareholders of CMIL at Rs.10/- per share pursuant to which, C. Mahendra International Limited became wholly-owned subsidiary of our Company with effect from March 14, 2008.

Standalone Financial Performance for the last three years is as follows:

The audited standalone financial results of CMIL for the last three years are as follows:

(Rs in million except per share data)

Particulars	For the period ended September 30, 2009	FY 2008-09	FY 2007-08*	FY 2006-07
Sales	12.64	240.88	245.25	242.35
Total Income	12.64	246.41	230.85	297.65
Profit After Tax	(8.52)	5.66	(11.14)	56.68
Equity capital	1.13	1.13	1.13	1.50
Reserves	268.27	276.78	271.12	282.27
Earning per Share (Rs.)	(75.52)	50.21	(78.38)	376.86
Net Asset Value (Rs.)	2,388.26	2,463.72	1,915.11	1,886.82

* weighted average shares outstanding during the year was 142,159 shares.

2. C. Mahendra BVBA, Antwerp ("**CMBVBA**")

CMBVBA was incorporated was incorporated as a private limited liability corporation under on November 13, 2003, with company number- 0861-936-159 to engage in the activity of marketing and trading of jewellery, silver, platinum and gold. The registered office of CMBVBA is situated at Hoveniersstraat 40 Bus 19, 2018 Antwerp, Belgium.

The Board of Directors as on the date of the DRHP

Sr.No.	Name of directors
1.	Mr. Mahendra C. Shah
2.	Mr. Pravin C.Shah

Shareholding Pattern as on the date of the DRHP

Name of the Shareholder	No. of equity shares	Percentage Shareholding (%)
C. Mahendra Exports Limited	87	54.04
C. Mahendra International Limited	74	45.96
Total	**161**	**100.00**

Note: C. Mahendra International also holds 3% non cumulative redeemable preference shares of 1$ each of C. Mahendra BVBA.

Standalone Financial Performance for the last three years is as follows:

The audited standalone financial results of CMBVBA for the last three years are as follows:

(Rs in million except per share data)

Particulars	For the period ended September 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007*
Total Income	1,314.28	2,062.03	3,817.72	4,078.05
Profit After Tax	4.21	9.29	7.86	(1.41)
Equity capital	237.51	237.51	237.51	69.08
Reserves	192.10	187.89	178.60	171.56
Earning per Share (Rs.)	26,139.38	57,716.14	48,813.53	(14,129.78)
Net Asset Value (Rs.)	2,668,411.60	2,642,272.22	2,584,556.28	2,406,330.54

Face value Euro 186 each
* 100 shares of face value Euro 186 each

DIRECT SUBSIDIARIES OF C. MAHENDRA INTERNATIONAL LIMITED

3. Ciemme Jewels Limited ("CJL")

CJL was incorporated on April 3, 2003 as C.M. Jewels Private Limited with the registration No. U 36911 MH 2003 PTC 139847 to buy, sell, export, import, deal, market, and manufacture diamonds, precious stones, semi-precious stones and jewellery. The name of the company was changed to Ciemme Jewels Private Limited on June 6, 2003. The company was converted in to a public limited company and name was further changed to Ciemme Jewels Limited with effect from June 28, 2007.The registered office of CJL is situated at 71 MIDC, Opp. SEEPZ, Gate 2, Andheri East, Mumbai 400 093, Maharashtara, India.

The authorised share capital of CJL is 150 million.

The Board of Directors as on the date of the DRHP

Sr.No.	Name of directors
1.	Mr. Mahendra C. Shah
2.	Mr. Champaklal K. Mehta
3.	Mr. Pravin C. Shah
4.	Mr. Kanu C. Shah
5.	Mr. Pravin K. Mehta
6.	Mr. Suresh K. Mehta
7.	Mr. Sandeep M. Shah

Shareholding Pattern as on the date of the DRHP

CJL is currently a wholly owned subsidiary of C. Mahendra International Limited.

Name of the Shareholder	No. of equity shares	Percentage Shareholding (%)
C. Mahendra International Ltd.	1,19,99,800	100.00
Mr. Mahendra C. Shah – Nominee of C.Mahendra International Limited	50	0.00
Mr. Champaklal K. Mehta – Nominee of	50	0.00

C.Mahendra International Limited		
Mr Pravin C. Shah– Nominee of C.Mahendra International Limited	25	0.00
Mr. Kanu.C.Shah– Nominee of C.Mahendra International Limited	25	0.00
Mr. Pravin K.Mehta– Nominee of C.Mahendra International Limited	25	0.00
Mr. Suresh K.Mehta– Nominee of C.Mahendra International Limited	25	0.00
Total	**120,00,000**	**100.00**

Standalone Financial Performance for the last three years is as follows:

The audited standalone financial results of CJL for the last three years are as follows:

(Rs in million except per share data)

Particulars	For the period ended September 30, 2009	FY 2008-09	FY 2007-08	FY 2006-07
Sales	344.04	732.32	676.91	570.22
Total Income	344.90	733.79	679.43	570.87
Profit After Tax	8.53	15.17	16.72	5.96
Equity capital	100.00	100.00	70.00	70.00
Reserves	32.02	23.48	8.32	-
Earning per Share (Rs.)	0.85	1.52	2.39	0.85
Net Asset Value (Rs.)	13.20	12.35	11.19	10.00

Face value of Rs. 10/- each.

4. CIEMME (LA) INC. ("CIEMME (LA) ")

CIEMME (LA) INC, was incorporated on September 19, 2003 as CMNY (LA) INC, in the state of Los Angeles, USA, as a close corporation under General Corporation Law of California with the Registration No. 81-0633384 to engage in the business of marketing and trading of jewellery, silver, platinum and gold. The principal office of CIEMME (LA) Inc. is located at 550 South Hill Street, # 895, Los Angeles, California 90013.

It was originally formed as a joint venture (51:49) between our wholly owned subsidiary C.Mahendra International and Mr. Jitesh Joshi. The name of the company was changed to CIEMME (LA) Inc on December 16, 2003. Ciemme (LA) Inc became the wholly owned subsidiary of C. Mahendra International Limited with effect from February 13, 2006 pursuant to acquisition of 20,000 shares of USD 5/- each from Mr. Jitesh Joshi being 49% of the total issued share capital in the company

The Board of Directors as on the date of the DRHP

Sr.No.	Name of directors
1.	Mr. Mahendra C. Shah

Shareholding Pattern as on the date of the DRHP

Name of the Shareholder	No. of equity shares	Percentage Shareholding (%)
C. Mahendra International Ltd.	40,817	100.00
Total	**40,817**	**100.00**

Standalone Financial Performance for the last three years is as follows:

The audited standalone financial results of Ciemme (LA) Inc. for the last three years are as follows:

(Rs in million except per share data)

Particulars	For the period ended September 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007
Total Income	4.75	77.65	232.04	198.06
Profit After Tax	0.34	(0.25)	0.18	0.41
Equity capital	8.88	8.88	8.88	8.88
Reserves	(3.62)	(3.95)	(3.70)	(3.89)
Earning per Share (Rs.)	0.19	(0.14)	0.10	0.23
Net Asset Value (Rs.)	5.00	2.77	2.91	2.81

Face value of USD 5 each.

5. C. MAHENDRA EXPORTS (H.K.) LIMITED ("CMHKL")

CMHKL was incorporated under the Companies Ordinance, Hong Kong on April 21, 2004 to engage in the activities of marketing and trading of diamonds, jewellery, silver, platinum and gold. The registered office of CMHKL is situated at Unit no. 7-8, 8/F, Guardforce Centre, 3 Hok Yuen, St Hung Hom, KL. CMHKL was incorporated as a wholly owned subsidiary of C. Mahendra International Limited.

The authorised share capital of CMHKL is 0.78 million.

The Board of Directors as on the date the DRHP

Sr.No.	Name of directors
1.	Mr. Prakash.K.Mehta

Shareholding Pattern as on the date of the DRHP

Name of the Shareholder	No. of equity shares	Percentage Shareholding (%)
C. Mahendra International Ltd.	775,000	100.00
Total	**775,000**	**100.00**

Standalone Financial Performance for the last three years is as follows:

The audited standalone financial results of CMHKL for the last three years are as follows:

(Rs in million except per share data)

Particulars	For the period ended September 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007
Total Income	1,255.21	2,969.04	2,396.26	3,065.02
Profit After Tax	(3.92)	(21.96)	6.83	5.49
Equity capital	4.31	4.31	4.31	4.31
Reserves	(9.28)	(5.36)	16.60	9.77
Earning per Share (Rs.)	(0.91)	(5.10)	1.58	1.27
Net Asset Value (Rs.)	(1.15)	(0.24)	4.85	3.27

Face value of HKD 1 each.

6. C. MAHENDRA USA INC ("CMUI")

CMUI was incorporated on April 07, 2005, under the General Corporation Law of the State of Delaware to carry on the business of marketing and trading of jewellery, silver, platinum and gold. The registered office of CMUI is situated at 3500 S. Dupont Highway, Dover, Delaware 19901, County of Kent. CMUI is the wholly owned subsidiary of C.Mahendra International Limited.

The Board of Directors as on the date of the DRHP

Sr.No.	Name of directors
1.	Mr. Mahendra C. Shah
2.	Mr. Jignesh M. Shah

Shareholding Pattern as on the date of the DRHP

The authorized capital of CMUI is 10,000 shares of common stock with USD 1,000 par value

Name of the Shareholder	No. of equity shares	Percentage Shareholding (%)
C. Mahendra International Ltd.	5,250	100.00
Total	**5,250**	**100.00**

Standalone Financial Performance for the last three years is as follows:

The audited standalone financial results of CMUI for the last three years are as follows:

(Rs in million except per share data)

Particulars	For the period ended September 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007
Total Income	(68.68)	(24.04)	6.75	2.81
Profit After Tax	(42.03)	(24.99)	3.96	1.78
Equity capital	228.38	228.38	228.38	228.38
Reserves	(51.34)	(17.96)	7.03	3.07
Earning per Share (Rs.)	(184.05)	(109.42)	17.33	7.79
Net Asset Value (Rs.)	775.21	921.36	1,030.77	1,013.44

Face value of US$ 1,000 each

SUBSIDIARIES OF C. MAHENDRA (USA) INC.

7. CIEMME (NY) LLC ("CNYL")

CNYL was originally incorporated as Ciemme Inc as a New York Limited Liability Company Law in April 11, 2005 to engage in the business of jewellery marketing. The name of the Company was thereafter changed to Ciemme (NY LLC). The principal place of business of CNYL is situated at 576, 5th Avenue, Suite No 201, New York, New York- 10036.

The members of CNYL as on the date of the DRHP

Name of the Members	Profit/Loss Sharing Ratio (%)
C.Mahendra USA Inc.	99.00 %
Mr. Jignesh Shah	1.00 %
Total	**100.00**

Financial Performance for the last three years is as follows:

The audited standalone financial results of CNYL for the last three years are as follows:

(Rs in million except per share data)

Particulars	For the period ended September 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007
Member's Capital*	82.68	97.61	122.48	95.97
Total Income	73.12	130.37	435.46	240.09
Profit/ (Loss) after tax	(14.93)	(24.87)	4.24	(1.92)

**Member's capital includes non-controlling interest.*

8. C. MAHENDRA (NY) LLC ("CM (NY) LLC")

CM (NY) LLC was incorporated in the name and style of "C. Mahendra Exports LLC`" as a limited liability company under the New York Limited Liability Company Law on April 11, 2005 to engage in the business of jewellery marketing. The principal place of business of CM (NY) LLC is situated at 576, Fifth Avenue, FO Suite 201 New York 100 36.

The members of CM (NY) LLC as on the date of the DRHP

Name of the Members	Profit/Loss Sharing Ratio (%)
C.Mahendra USA Inc.	99.00
Mr. Jignesh Shah	1.00
Total	**100.00**

Financial Performance for the last three years is as follows:

The audited standalone financial results of **CM (NY) LLC** for the last three years are as follows:

(Rs in million except per share data)

Particulars	For the period ended September 30, 2009	March 31, 2009	March 31, 2008	March 31, 2007
Member's Capital*	77.76	132.79	137.92	134.55
Total Income	649.47	2,511.22	2,602.85	1,777.87
Profit/ (Loss) after tax	(54.44)	0.58	2.58	5.94

**Member's capital includes non-controlling interest.*

OUR MANAGEMENT

Board of Directors

Our Board consists of six Directors of which three are independent Directors and three are executive Directors. Our Chairman is an Executive and a non independent Director. As per our Articles of Association, our Board shall consist of not less than three (3) Directors and not more than twelve (12) Directors.

The following table sets forth details of the Board of Directors as of the date of the Draft Red Herring Prospectus:

Name, Father's name, Address, Age, Terms, Occupation, DIN and Nationality	Designation	Other Directorships in Indian companies
Mr. Mahendra C Shah, S/o Mr. Chandulal Kakkalchand Shah 18-A, Lands End, 29-D, Dongersy Road, Walkeshwar Road, Mumbai – 400006, Maharashtra, India. **Age:** 57 **Term of the Office:** Holds office for a period of three years till January 01, 2011 **Occupation:** Business **DIN:** 00039077 **Nationality:** Indian	Executive Chairman	1. C. Mahendra Capital Private Limited 2. C. Mahendra International Limited 3. C. Mahendra Jewels Private Limited 4. Ciemme Jewels Limited 5. CM Infojewels Private Limited 6. Infojewels (India) Private Limited 7. KPM Realty Private Limited
Mr. Champaklal K. Mehta, S/o Mr. Kirtilal Chunilal Mehta 41, Suraj Apartments, Tardeo Road, Tardeo, Mumbai – 400 007, Maharashtra, India. **Age:** 55 **Occupation:** Business **Term of the Office:** Holds office for a period of three years till January 01, 2011 **DIN** 00050883 **Nationality:** Indian	Managing Director	1. C. Mahendra Capital Private Limited 2. KPM Realty Private Limited 3. C. Mahendra International Limited 4. C. Mahendra Jewels Private Limited 5. Ciemme Jewels Limited 6. CM Infojewels Private Limited 7. Infojewels (India) Private Limited 8. Ashesha Trading Private Limited 9. Polo Developers Private Limited
Mr. Sandeep M. Shah, S/o Mr. Mahendra C. Shah 18-A, Lands End, 29-D, Dongersy Road, Walkeshwar, Mumbai – 400 006, Maharashtra, India **Age:** 30	Whole Time Director	1. C. Mahendra Capital Private Limited 2. C. Mahendra International Limited 3. Ciemme Jewels Limited

Name, Father's name, Address, Age, Terms, Occupation, DIN and Nationality	Designation	Other Directorships in Indian companies
Occupation: Business **Term of the Office:** Holds office for a period of three years till January 01, 2011 **DIN** 00051682 **Nationality:** Indian		
Mr. Vittala S. Hegde S/o Mr. Sooru Hegde A 39, Munjal Nagar No. 1, Chembur, Mumbai Maharashtra, India – 400089. **Age:** 62 **Occupation:** Service **Term of the Office:** Liable to retire by rotation. **DIN** 01243655 **Nationality:** Indian	Independent Director	1. Rubber Products Limited
Mr. Shailesh S. Vaidya S/o Mr.Shankarlal Vaidya 801, Summer Heights, K.M. Munshi Marg, Chowpatty, Mumbai, Maharashtra, India – 400007. **Age:** 52 **Occupation:** Solicitor **Term of the Office:** Liable to retire by rotation. **DIN** 00002273 **Nationality:** Indian	Independent Director	1. Dwarikesh Sugar Industries Limited 2. Prabhukripa Overseas Limited 3. Gold Crest Finance (India) Limited 4. Welspun Power and Steel Limited 5. Suashish Diamonds Limited 6. Siyaram Silk Mills limited 7. Avighna India Limited 8. Orbit Corporation Limited 9. Allied Digital Services Limited 10. Welspun Investment Limited
Mr. Kailashchandra. C. Chowdhary S/o Late Mr. Chatter Singh Chowdhary 405, Morya Regency, Behind Anand Bhavan, 577/2, M. G. Road, Indore – 452002 **Age:** 69 **Occupation:**Professional **Term of the Office:** Liable to retire by rotation.	Independent Director	1. D.B. Corp. Limited

Name, Father's name, Address, Age, Terms, Occupation, DIN and Nationality	Designation	Other Directorships in Indian companies
DIN 01687337 **Nationality:** Indian		

Note: *None of the above mentioned Directors are on the RBI List of wilful defaulters as on date.*

BRIEF PROFILES OF THE DIRECTORS

For detailed profile of our Promoter Directors, please refer to the chapter titled *"Our Promoters"* beginning on page 114 of the Draft Red Herring Prospectus.

Brief profile of the Directors of our Company other than our Promoter Directors

Mr. Vittala S. Hegde, aged 63 years, has been an Independent Director of our Company since January 09, 2008. He holds a Masters Degree in Arts from the University of Mumbai and is a certified associate from Indian Institute of Bankers. He has over 39 years of experience in banking and handling banking operations in Bank of Baroda which includes, holding the position of regional manager and zonal manager before retiring as the Zonal Head of Greater Mumbai Zone. Mr. Vittala S Hedge joined our Board on January 9, 2008.

Mr. Shailesh S. Vaidya, aged 52 years, is an Independent Director of our Company since January 9, 2008. He graduated from the Government Law College in the year 1981 and became a Solicitor in 1983. He is a practising Advocate and Solicitor and has been a partner with M/s. Kanga and Company, a law firm in Mumbai since 1985. In his professional capacity, Mr. Vaidya holds directorships in several public / private limited companies along with being the Chairman of the Law Committee of the Indian Merchants' Chamber, Mumbai. He specialises in Property and Corporate Law matters and has an experience of over 25 years.

Mr. Kailashchandra C. Chowdhary, aged 69 years, is an Independent Director of our Company since February 4, 2008. He is a practising Chartered Accountant. In April 1965, he started his career as a Directly Recruited Officer with Bank of Baroda and after working in different positions and at different places, he was promoted to the position of General Manager in 1989. He served as a nominee director of Bank of Baroda in IBU International Finance Limited, Hongkong. In November 1994, he joined Central Bank of India as an Executive Director. He became the Chairman and Managing Director of Vijaya Bank in August 1996. During his tenure as the Chairman of Vijaya Bank he played a key role in the growth of Vijaya Bank. He joined Central bank of India as the Chairman and Managing Director in October 1997. He has extensive experience in all fields of banking including administration, both domestic and international. He has served at various committees constituted by the Reserve Bank of India and has been a member of various managing committees. He was also Chairman of the Centbank Home Finance Limited, Cenbank Financial and Custodial Services Limited, Director of the Agricultural Finance Corporation Limited, Mastercard Asia / Pacific Board and the New India Assurance Company Limited. He has also been a trustee of the Unit Trust of India.

BORROWING POWERS OF BOARD OF DIRECTORS

The borrowing powers of our Directors are regulated by Articles 95, 96, 97, 98 and 99 of the Articles of Association of our Company.

As per the Articles, the Board has been authorised to borrow any amount not exceeding the aggregate of the paid up equity capital of our Company plus free reserves except with the consent of the members of our Company in general meeting.

Vide a special resolution passed at the Annual General Meeting of our Company held on July 18, 2008 consent of the members of our Company was accorded to the Board of Directors of our Company, authorising the Directors to borrow money(s) on behalf of our Company in excess of the paid up share capital and the free reserves of our Company from time to time, pursuant to the provisions of Section 293(1)(d) of the Companies Act, subject to an amount not exceeding Rs. 12,000 million.

For further details of the provisions of our Articles of Association regarding borrowing powers, refer to the section titled *"Description of Equity Shares and the Terms of the Articles of Association*" beginning on page 228 of the Draft Red Herring Prospectus.

COMPENSATION AND BENEFITS TO THE MANAGING DIRECTOR / WHOLE TIME DIRECTORS

Our Directors, as mentioned below have not entered into any service contract (which provides for benefits upon termination of employment) with our Company:

(Rs. in millions)

Name of Director	Designation	Compensation paid for Fiscal 2009
Mr. Mahendra C. Shah	Executive Chairman	4.32
Mr. Champaklal K. Mehta	Managing Director	4.20
Mr. Sandeep M. Shah	Whole Time Director	2.64
Mr. Vittala S. Hegde	Independent Director	1.20
Mr. Sailesh S. Vaidya	Independent Director	0.63
Mr. Kailashchandra C. Chowdhary	Independent Director	432

Terms of Appointment of our Executive Directors

1. Terms of appointment and compensation of Mr. Mahendra C. Shah, Executive Chairman is as follows:

Mr. Mahendra C Shah joined the Board of our Company on January 4, 2007 as the First Director and was subsequently appointed as the Executive Chairman for a period of three years with effect from January 1, 2008 in pursuance of an agreement dated February 28, 2008 entered into between our Company and Mr. Mahendra C.Shah for appointment as Executive Chairman as approved by a resolution of our Board on January 1, 2008 and resolution of our shareholders at the EGM held on January 31, 2008 approving the terms of his appointment.

The significant terms of appointment as contained in the agreement dated February 28, 2008 are as follows:

Particulars	Remuneration
Salary	Rs. 43,20,000/- per annum
Perquisites and Allowances	The aforesaid figure will be inclusive of Perquisites and Allowances and other expenses as well.
Sitting Fees	The Executive Chairman shall not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof. He shall, however be reimbursed the actual travelling, lodging and boarding expenses incurred by him for attending meetings of the Board of Directors and/or the Committees thereof.
Minimum Remuneration	Notwithstanding anything contained herein, where in the financial years during the currency of the tenure of office of the Executive Chairman, the Company has no profits or its profits are inadequate, the Executive Chairman shall be entitled to remuneration mentioned under (a) above and as per The Companies Act, 1956, the Company will pay remuneration by way of salary and perquisites as specified above, subject to the requisite approvals being obtained.
Term And Termination	The appointment notwithstanding the three years tenure fixed with effect from January 01, 2008 may be terminated by either party by giving three months notice in writing. In the event of cessation of office during any financial year, a ratable proportion of the aforesaid remuneration shall be payable by the Company, to the Executive Chairman. However, no compensation for the loss of office will be payable by the Company as contemplated under the provisions of Section 318 of the Companies Act, 1956.

2. Terms of appointment and compensation of Mr. Champaklal K. Mehta, Managing Director is as follows:

Mr. Champaklal K. Mehta joined the Board of our Company on January 4, 2007 as the First Director and was subsequently appointed as the Managing Director for a period of three years with effect from January 1, 2008 in pursuance of an agreement dated February 28, 2008 entered into between our Company and Mr. Mehta for appointment as Managing Director as approved by a resolution of our Board on January 1, 2008 and resolution of our shareholders at the EGM held on January 31, 2008.

The significant terms of appointment as contained in the agreement dated February 28, 2008 are as follows:

Particulars	Remuneration
Salary	Rs. 42,00,000/- per annum
Perquisites and Allowances	The aforesaid figure will be inclusive of Perquisites and Allowances and other expenses as well.
Sitting Fees	The Managing Director shall not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof. He shall, however be reimbursed the actual travelling, lodging and boarding expenses incurred by him for attending meetings of the Board of Directors and/or the Committees thereof.
Minimum Remuneration	Notwithstanding anything contained herein, where in the financial years during the currency of the tenure of office of the Managing Director, the Company has no profits or its profits are inadequate, the Managing Director shall be entitled to remuneration mentioned under (a) above and as per The Companies Act, 1956, the Company will pay remuneration by way of salary and perquisites as specified above, subject to the requisite approvals being obtained.
Term And Termination	The appointment notwithstanding the three years tenure fixed with effect from 01 January, 2008 may be terminated by either party by giving three months notice in writing. In the event of cessation of office during any financial year, a ratable proportion of the aforesaid remuneration shall be payable by the Company, to the Managing Director. However, no compensation for the loss of office will be payable by the Company as contemplated under the provisions of Section 318 of the Companies Act, 1956.

3. Terms of appointment and compensation of Mr. Sandeep M Shah, Whole Time Director is as follows:

Mr. Sandeep M Shah joined the Board of our Company on January 4, 2007 as the Promoter Director and was subsequently appointed as the Whole Time Director for a period of three years with effect from January 1, 2008 in pursuance of a agreement dated February 28, 2008 entered into between our Company and Mr. Sandeep M. Shah for appointment as Executive Director as approved by a resolution of our Board on January 1, 2008 and resolution of our shareholders at the EGM held on January 31, 2008 approving the terms of his appointment.

The significant terms of appointment as contained in the agreement dated February 28, 2008 are as follows:

Particulars	Remuneration
Salary	Rs. 26,40,000/- per annum
Perquisites and Allowances	The aforesaid figure will be inclusive of Perquisites and Allowances and other expenses as well.
Sitting Fees	The Executive Director shall not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof. He shall, however be reimbursed the actual travelling, lodging and boarding expenses incurred by him for attending meetings of the Board of Directors and/or the Committees thereof.
Minimum Remuneration	Notwithstanding anything contained herein, where in the financial years during the currency of the tenure of office of the Executive Director, the Company has no profits or its profits are inadequate, the Executive Director shall be entitled to remuneration mentioned under (a) above and as per The Companies Act, 1956, the Company will pay remuneration by way of salary and perquisites as specified above, subject to the requisite approvals being obtained.
Term and Termination	The appointment notwithstanding the three years tenure fixed with effect from 01 January, 2008 may be terminated by either party by giving three months notice in writing. In the event of cessation of office during any financial year, a ratable proportion of the aforesaid remuneration shall be payable by the Company, to the Executive Director. However, no compensation for the loss of office will be payable by the Company as contemplated under the provisions of Section 318 of the Companies Act, 1956.

SITTING FEES PAYABLE TO NON EXECUTIVE DIRECTORS

Sitting fees of Rs. 10,000 per board meeting and Rs. 2,000 per committee meeting is payable to our Non-Executive and Independent Directors for attending Board and committee meetings, as approved *vide* Board resolution dated May 05, 2007.

SHAREHOLDING OF OUR DIRECTORS

As per our Articles of Association, our Directors are not required to hold any Equity Shares in our Company to qualify him for the office of Director of our Company.

Save and except as stated below, our Directors do not hold any Equity Shares in our Company as on the date of filing of the Draft Red Herring Prospectus.

Sr.No.	Name of the Director	No. of Equity Shares	% of pre issue Equity Share capital
1.	Mr. Mahendra C. Shah	9,039,131	20.09
2.	Mr. Champaklal K Mehta	4,910,869	10.91
3.	Mr. Sandeep M. Shah	3,443,478	7.65
	Total	**17,393,478**	**38.65**

RELATIONSHIP BETWEEN DIRECTORS

None of our Directors are "relatives" within the meaning of Section 6 of the Companies Act except as stated below:

Name of the Director	Relationship
Mr. Mahendra C Shah	Father of Mr. Sandeep M. Shah
Mr. Sandeep M Shah	Son of Mr. Mahendra C Shah

None of the Directors have been appointed pursuant to any arrangement or understanding with the major shareholders, customers, suppliers or others, of our Company.

INTEREST OF DIRECTORS

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board, commission payable to our Non executive Directors as well as to the extent of remuneration payable to our Executive Directors for their services as executive directors of our Company and reimbursement of expenses payable to them under our Articles of Association. All our Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives or firms, trusts or other entities/bodies corporate in which they have interest, and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. Our non-Promoter Directors may also be deemed to be interested in the Equity Shares, if any, out of the present Issue that may be subscribed by and Allotted/transferred to the companies, firms and trusts and other entities/bodies corporate in which they are interested as Directors, members, partners and/or trustees or otherwise as also any benefits, monetary or otherwise derived there from.

Further, save and except as stated otherwise on under the chapter titled *"Our Management",* page 97 under the *"Annexure XI]"* titled "*Related Party Disclosure*" beginning on page 142 in the chapter titled "*Financial Statements"* of the Draft Red Herring Prospectus, and on page 121 under the heading titled *"Interest of our Promoters"* in the chapter titled *"Our Promoters"* beginning on page 114 of the Draft Red Herring Prospectus, our Directors do not have any other interests in our Company as on the date of the Draft Red Herring Prospectus.

CHANGES IN OUR BOARD OF DIRECTORS DURING THE LAST THREE YEARS

Name of the Director	Appointment (with effect from)	Resignation (with effect from)	Remarks
Mr Pravin C. Shah	January 04, 2007	February 4, 2008	Appointed as First Director and subsequently resigned
Mr Pravin K.Mehta	January 04, 2007	February 4, 2008	Appointed as First Director and subsequently resigned

Name of the Director	Appointment (with effect from)	Resignation (with effect from)	Remarks
Mr Shailesh S. Vaidya	January 09, 2008	-	Appointed as an Independent director
Mr. Vittala S. Hegde	January 09, 2008	-	Appointed as an Independent director
Mr. Kailashchandra C. Chowdhary	February 04, 2008	-	Appointed as an Independent director

Corporate Governance

The provisions of the Listing agreements to be entered into with the Stock Exchanges with respect to corporate governance and the SEBI Rules and Regulations in respect of corporate governance become applicable to the Company at the time of seeking in-principle approval of the Stock Exchanges. Our Company has taken steps to comply with such provisions, as contained in Equity Listing Agreement, particularly those relating to composition of Board of Directors, constitution of committees such as Audit Committee, Shareholder / Investor Grievance Committee, etc. Further, Our Company undertakes to take all necessary steps to comply with all the requirements of the regulations on corporate governance and adopt the corporate governance code as per Clause 49 of the listing agreement to be entered into with the Stock Exchanges.

Various Committees of Directors
In terms of the Clause 49 of the Listing Agreement, our Company has already appointed Independent Directors and constituted the following Committees of the Board:

1. Audit Committee;
2. Shareholders'/Investors' Grievance committee;
3. Remuneration committee; and
4. IPO committee

AUDIT COMMITTEE

Our Board constituted an Audit Committee pursuant to the provisions of Section 292A of the Companies Act vide Board resolution dated September 20, 2007. The Audit Committee of our Company was reconstituted on April 11, 2008 in compliance with clause 49 of the Listing Agreement. Currently the Audit Committee comprises of:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Kailashchandra. C. Chowdhary	Chairman	Independent
Mr. Shailesh S. Vaidya	Member	Independent
Mr. Vittala S. Hegde	Member	Independent

Our Company Secretary Mr. Mandar M. Ranade, will act as the secretary of the Committee.

The Audit Committee enjoys following powers: -

1. To invite such of the executives, as it considers appropriate (and particularly the head of finance function) to be present at the meetings of the Committee,
2. To investigate any activity within its terms of reference;
3. To seek information from any employee;
4. To obtain outside legal or other professional advice; and
5. To secure attendance of outsiders with reasonable expertise, if considered necessary.

The terms of reference of our Audit Committee are given below:

1. Overseeing our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Appointment, removal and terms of remuneration of internal auditors
5. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:

- Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act 1956;
- Changes, if any, in accounting policies and practices and reasons for the same;
- Major accounting entries involving estimates based on the exercise of judgment by management;
- Significant adjustments made in the financial statements arising out of audit findings;
- Compliance with listing and other legal requirements relating to the financial statements;
- Disclosure of any related party transactions;
- Qualifications in the draft audit report;

6. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
7. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
8. Monitoring the use of the proceeds of the proposed initial public offering of the Company.
9. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
10. 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;
11. Reviewing management letters / letters of internal control weaknesses issued by the statutory auditors;
12. Discussion with internal and statutory auditors on any significant findings and follow up there on;
13. 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;
14. Discussion with the 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;
15. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors;
16. To review the functioning of the Whistle Blower mechanism, when the same is adopted by the Company and is existing;
17. Carrying out any other function as may be statutorily required to be carried out by the Audit Committee;
18. The Audit Committee shall mandatorily review the following information:

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

The recommendations of the Audit Committee on any matter relating to financial management, including the audit report, are binding on the Board. If the Board is not in agreement with the recommendations of the Committee, reasons for disagreement shall have to be minuted in the Board Meeting and the same has to be communicated to the shareholders. The Chairman of the committee has to attend the Annual General Meetings of the Company to provide clarifications on matters relating to the audit.

In the last 12 months following are the days on which the Audit Committee meetings were held:

June 29, 2009, July 14, 2009, September 26, 2009, October 31, 2009 and February 03, 2010.

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

Our Company has constituted a Shareholders / Investors Grievance Committee vide resolution dated April 11, 2008, as per the provisions of the Clause 49 of the Listing Agreement for Corporate Governance, for redressing Shareholder/ Investor complaints. Currently the Shareholders / Investors Committee comprises of:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Vittala S. Hegde	Chairman	Independent
Mr. Mahendra C. Shah	Member	Executive
Mr. Champaklal K. Mehta	Member	Executive

The Company Secretary of our Company acts as the Secretary to the Committee.

The Shareholders'/Investors' Grievance Committee is responsible for the redressal of shareholders and investors' grievances and oversees performance of the registrars and transfer agents of the Company and recommends measures for overall improvement in the quality of investor services. This committee also monitors the implementation and compliance of our Code of Conduct for Prohibition of Insider Trading pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended. in compliance of the provisions of Clause 49 of the listing agreements with the Stock Exchanges and its terms of reference include the following:

This committee will address all grievances of Shareholders/Investors in compliance of the provisions of clause 49 of the Listing agreements with the Stock Exchanges and its terms of reference include the following:

1. Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
2. Redressing of shareholders and investor complaints such as non-receipt of declared dividend, annual report, transfer of Equity Shares and issue of duplicate/split/consolidated share certificates
3. Monitoring transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of Equity Shares and other securities issued by our Company, including review of cases for refusal of transfer/ transmission of shares and debentures;
4. Allotment and listing of shares in future;
5. Review of cases for refusal of transfer / transmission of shares and debentures;
6. Reference to statutory and regulatory authorities regarding investor grievances; and
7. Ensure proper and timely attendance and redressal of investor queries and grievances.
8. To do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers.
9. To review from time to time the secretarial department.
10. Investor relations and redressal of shareholders grievances in general and relating to non receipt of declared dividends, interest, non- receipt of balance sheet etc.;

Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

Currently there is no date that has been fixed for the meeting of the Shareholders'/Investors' Grievance Committee and shall take place as and when required.

REMUNERATION COMMITTEE

For Remuneration of Directors, our Company has constituted Remuneration Committee *vide* Board Resolution dated April 11, 2008. The Committee has powers of recommending remuneration package to for Executive Directors and other Board members as per the requirements of the Clause 49 of the Listing Agreement for Corporate Governance. Currently the Remuneration Committee comprises of:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Kailashchandra. C. Chowdhary	Chairman	Independent
Mr. Shailesh S. Vaidya	Member	Independent
Mr. Vittala S. Hegde	Member	Independent

The Company Secretary of our Company acts as the secretary to the Committee.

1. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India, including:

    - The Securities and Exchange Board of India (Insider Trading) Regulations, 1992; or
    - The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995.
2. To recommend to the Board, the remuneration packages of our Company's Managing/Joint Managing/ Deputy Managing/Whole time / Executive Directors, including all elements of remuneration package (*i.e.*

salary, benefits, bonuses, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees *etc.*);

3. To be authorised at its duly constituted meeting to determine on behalf of the Board of Directors and on behalf of the shareholders with agreed terms of reference, our Company's policy on specific remuneration packages for Company's Managing/Joint Managing/ Deputy Managing/ Whole Time/ Executive Directors, including pension rights and any compensation payment;
4. Perform such functions as are required to be performed by the Remuneration Committee under the ESOP Guidelines, in particular, those stated in Clause 5 of the ESOP Guidelines; and
5. To implement, supervise and administer any share or stock option scheme of our Company
6. To attend to any other responsibility as may be entrusted by the Board within the terms of reference.

Such other matters as may, from time to time, be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

Currently there is no date that has been fixed for the meeting of the Shareholders'/Investors' Grievance Committee and shall take place as and when required.

IPO COMMITTEE

The IPO Committee was constituted *vide* Board Resolution dated April 11, 2008 to oversee and inform the Audit Committee when money is raised through prospectus or rights or preferential issues and shall inform of funds received, utilized, pending for project implementation *etc.* for the information of the Stock Exchanges and Investors and shall keep the information up dated through our Company's website.

The composition of the IPO Committee is as follows:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Mahendra C. Shah	Chairman	Executive
Mr. Champaklal K. Mehta	Member	Managing
Mr. Sandeep M. Shah.	Member	Executive

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

(a) to decide on the actual size of the IPO, including any offer for sale by promoters/shareholders, green shoe option, any pre-IPO placement, promoter's contribution and/or reservation for employees or shareholders of promoting companies or shareholders of group companies and/or any other reservations or firm allotments as may be permitted, timing, pricing and all the terms and conditions of the issue of the Equity Shares, and to accept, implement, negotiate, carry out and decide any amendments, modifications, variations or alterations thereto;

(b) to appoint and enter into arrangements with the book running lead managers, co-mangers to the Issue, underwriters to the Issue, bankers to the Company, syndicate members to the Issue, advisors to the Issue, stabilizing agent, brokers to the Issue, escrow collection bankers, accountants, auditors, depositories, trustees, custodians, registrar to the Issue, legal advisors as to Indian and overseas jurisdictions to the Company, advertising and/or promotion or public relations agencies and any other agencies, persons or other intermediaries as may be involved with the IPO, including any successors or replacements thereof;

(c) to finalize, approve, execute and deliver or arrange the delivery of the offering documents (including the draft red herring prospectus, the red herring prospectus, the final prospectus (including the preliminary international wrap and the final international wrap, if required, for marketing of the Issue in jurisdictions outside India)), the statement-in-lieu of the prospectus, syndicate agreement, underwriting agreement, escrow agreement, stabilization agreement and all other documents, deeds, agreements and instruments and any amendments, supplements, notices or corrigenda thereto, together with any summaries thereto, as may be required or desirable in connection with the issue of the Equity Shares or the IPO by the Company;

(d) to open one or more separate current account(s) in such name and style as may be decided, with a scheduled bank to receive applications along with application monies in respect of the issue of the Equity Shares of the Company;

(e) to open one or more bank account(s) of the Company in such name and style as may be decided for the handling of refunds for the Issue;

(f) to open any other bank account(s), share/securities account, escrow or custodian accounts, in India or abroad, in rupees or in any other currency, in accordance with applicable laws, rules, regulations, approvals and guidelines;

(g) to make applications for listing of the Equity Shares of the Company in one or more stock exchange(s) and to execute and to deliver or arrange the delivery of the listing agreement(s), or equivalent documentation to the concerned stock exchange(s) and to take all such actions as may be necessary in connection with obtaining the listing of the Equity Shares of the Company;

(h) to make and approve amendments to the memorandum of association and the articles of association of the Company;

(i) to approve all actions required to dematerialize the Equity Shares of the Company;

(j) to approve codes of conduct as may be considered necessary by the Board or the IPO Committee or as required under applicable laws, regulations or guidelines for the Board, officers of the Company and other employees of the Company;

(k) to approve a suitable policy on insider trading as required under applicable laws, regulations and guidelines;

(l) to approve any corporate governance requirement that may be considered necessary by the Board or the IPO Committee or as may be required under applicable laws, regulations or guidelines in connection with the IPO;

(m) to take all action as may be necessary or authorized in connection with any offer for sale;

(n) to remunerate all book running lead managers, co-mangers to the Issue, underwriters to the Issue, bankers to the Company, syndicate members to the Issue, advisors to the Issue, stabilizing agent, brokers to the Issue, escrow collection bankers, accountants, auditors, depositories, trustees, custodians, registrar to the Issue, legal advisors as to Indian and overseas jurisdictions to the Company, advertising and/or promotion or public relations agencies and any other agencies, persons or other intermediaries as may be involved with the IPO, by way of commission, brokerage, fees or the like;

(o) to seek the admission of the Company's Equity Shares into the Central Depository Services (India) Limited and the National Securities Depository Limited and take any further action as may be necessary or required for the dematerialization of the Company's Equity Shares;

(p) to seek, if required, the consent of the Company's lenders, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents that may be required in connection with the IPO;

(q) to determine the price band for the purpose of bidding, any revision to the price band and the final IPO price after bid closure;

(r) to determine the bid opening and closing dates;

(s) to finalize the allocation/allotment/transfer of Equity Shares to retail investors/non-institutional investors/qualified institutional buyers in consultation with the book running lead managers, the stock exchanges and/or any other entity;

(t) to allocate/issue/allot/transfer the Equity Shares in accordance with the terms of the IPO, and all such Equity Shares shall rank *pari passu* with the existing Equity Shares of the Company in all respects, except as may be provided under the terms of the Issue and any IPO document;

(u) to authorize and empower Mr. Mahendra C, Shah, Mr. Champaklal K. Mehta and Mr. Sandeep M. Shah, officers of the Company (each, an "Authorized Officer"), for and on behalf of the Company, to execute and deliver, on a several basis, any agreements and arrangements as well as amendments

or supplements thereto that the Authorized Officer considers necessary, desirable or advisable, in connection with the IPO, including, without limitation, engagement letter(s), the listing agreements, the registrar's agreement and memorandum of understanding, the depositories agreements, the memorandum of understanding with the book running lead managers (and other entities as appropriate), the underwriting agreement, the syndicate agreement, the stabilization agreement, the escrow agreement, confirmation of allocation notes, and any agreement or document in connection with the pre-IPO placement (including any placement agreement, escrow agreement and offering documentation), with the book running lead managers, co-mangers to the Issue, underwriters to the Issue, bankers to the Company, syndicate members to the Issue, advisors to the Issue, stabilizing agent, brokers to the Issue, escrow collection bankers, accountants, auditors, depositories, trustees, custodians, registrar to the Issue, legal advisors as to Indian and overseas jurisdictions to the Company, advertising and/or promotion or public relations agencies and any other agencies, persons or other intermediaries as may be involved with the IPO, and any such agreements or documents so executed and delivered and acts and things done by any such Authorized Officer shall be conclusive evidence of the authority of the Authorized Officer and the Company in so doing;

(v) to severally authorize each of the Authorized Officers to enter into and execute all other arrangements, letters, agreements, deeds, and powers of attorney with the placement agents, book running lead managers, co-mangers to the Issue, underwriters to the Issue, bankers to the Company, syndicate members to the Issue, advisors to the Issue, stabilizing agent, brokers to the Issue, escrow collection bankers, accountants, auditors, depositories, trustees, custodians, registrar to the Issue, legal advisors as to Indian and overseas jurisdictions to the Company, advertising and/or promotion or public relations agencies and any other agencies, persons or other intermediaries as may be involved with the IPO, with such changes, additions and insertions thereto as any Authorized Officer may deem necessary, appropriate or advisable, and to make payments to or remunerate the book running lead managers, co-mangers to the Issue, underwriters to the Issue, bankers to the Company, syndicate members to the Issue, advisors to the Issue, stabilizing agent, brokers to the Issue, escrow collection bankers, accountants, auditors, depositories, trustees, custodians, registrar to the Issue, legal advisors as to Indian and overseas jurisdictions to the Company, advertising and/or promotion or public relations agencies and any other agencies, persons or other intermediaries as may be involved with the IPO, by way of fees, commission, brokerage or the like; and any such documents so executed and delivered or acts and things done or caused to be done by any Authorized Officer shall be conclusive evidence of the authority of such Authorized Officer and the Company in so doing and any document so executed and delivered or acts and things done or caused to be done by any such Authorized Officer prior to the date hereof are hereby ratified, confirmed and approved as the acts and deeds of the Authorized Officer and the Company;

(w) to make or to authorize an Authorized Officer to make any application and take any and all action in connection with obtaining approvals or entering into any arrangement, in respect thereof from the Foreign Investment Promotion Board of India, the Reserve Bank of India, the shareholders of the Company, the Government of India, the Securities and Exchange Board of India, the Registrar of Companies and such other authorities, as may be required, for the purpose of issue of the Equity Shares by the Company in the IPO, including the issue of the Equity Shares to non-resident investors, including but not limited to, NRIs, FIIs, FVCI's and other non-residents;

(x) to severally authorize and empower each Authorized Officer, for and on behalf of the Company, to execute and deliver any and all other documents, papers or instruments and to do or cause to be done any and all acts or things as any such Authorized Officer may deem necessary, appropriate or advisable in order to carry out the purposes and intent of the foregoing resolutions for the IPO; and any such documents so executed and delivered or acts and things done or caused to be done by any such Authorized Officer shall be conclusive evidence of the authority of such Authorized Officer and the Company in so doing and any such document so executed and delivered or acts and things done or caused to be done by any such Authorized Officer prior to the date hereof are hereby ratified, confirmed and approved as the act and deed of the Authorized Officer and the Company, as the case may be;

(y) to settle all questions, difficulties or doubts that may arise in regard to the Issue or allotment of Equity Shares as the IPO Committee may, in its absolute discretion, deem fit; and

(z) to sign, execute, and deliver all such documents or instruments and do all such acts, deeds, matters and things as the IPO Committee may, in its absolute discretion, deem necessary or desirable in order to carry out the purposes and intent of the foregoing, or otherwise in relation to the Issue or any matter incidental or ancillary in relation to the Issue, including without limitation, allocation and allotment of

the Equity Shares as permissible in law and issue of share certificates in accordance with the relevant rules, and any documents or instruments so executed and delivered or acts and things done or caused to be done by the IPO Committee shall be conclusive evidence of the authority of the IPO Committee in so doing.

Currently there is no date that has been fixed for the meeting of the Shareholders'/Investors' Grievance Committee and shall take place as and when required.

Policy on Disclosure and internal procedure for prevention of Insider Trading

We will comply with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992 on the listing of our shares on BSE and NSE.

Mr. Mandar M. Ranade, Company Secretary and Compliance Officer, is responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

INTEREST AS TO PROPERTY

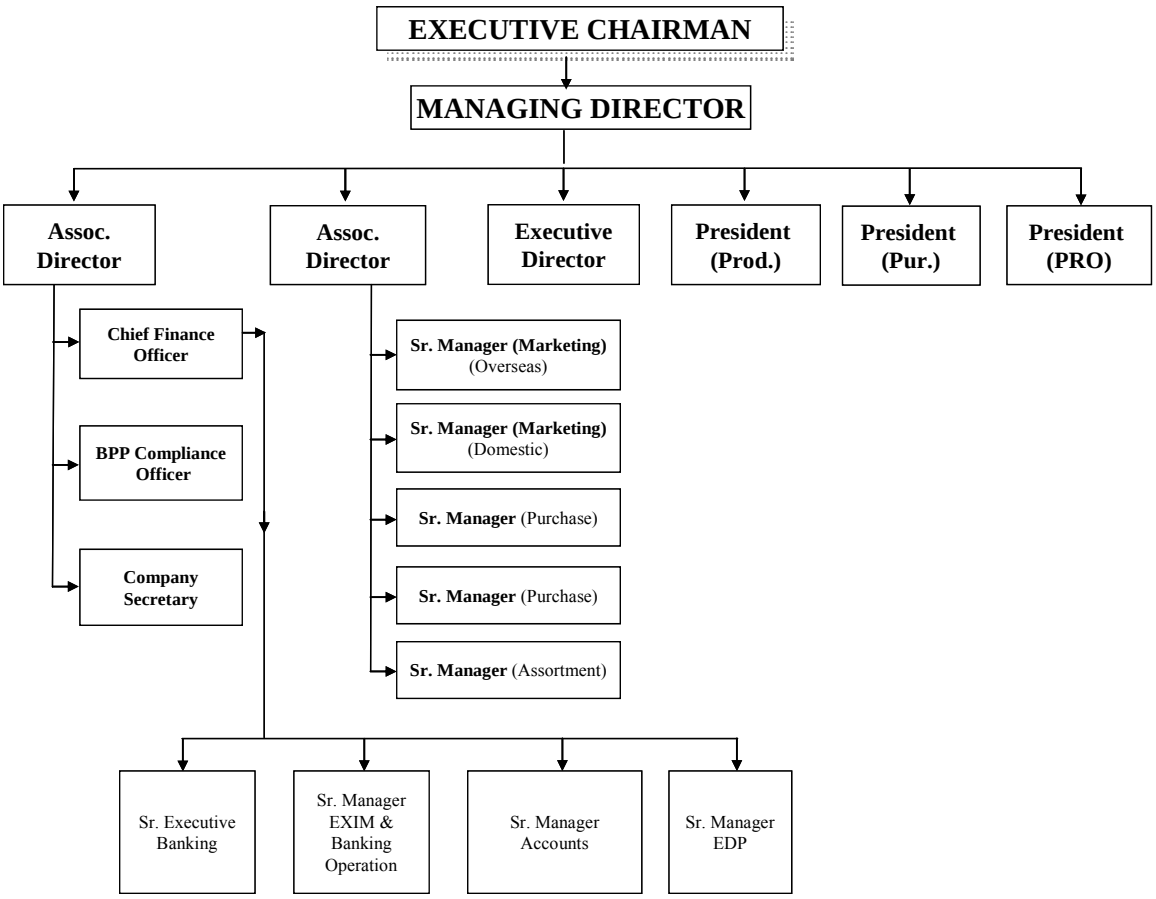
Except as disclosed in the Draft Red Herring Prospectus, our Directors do not have any interest:

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

UNSECURED LOANS

For details with respect to the unsecured loans of the Directors please refer to the chapter titled *"Financial Indebtedness"* beginning on page 209 of the Draft Red Herring Prospectus.

ORGANIZATION CHART



OUR KEY MANAGERIAL PERSONNEL ("KMPs")

The key managerial personnel of our Company other than our Executive Directors and Promoters are as follows.

Key Managerial Personnel of our Company

Sr. No.	Name	Designation
1.	Mr. Samir P. Shah	Vice President (Production)
2.	Mr. Suken P. Shah	Senior Executive (Production)
3.	Mr. Suresh K. Mehta	President (Production)
4.	Mr. Paras C. Mehta	President (Purchase)
5.	Mr. Kanu C. Shah	President (Public Relations)
6.	Mr. Babulal V. Virvadia	Chief Finance Officer
7.	Mr. Jitendra P. Damanaia	Senior Manager Accounts
8.	Mr. Ramesh G. Nair	Senior Manager EXIM and Banking Operation
9.	Mr. Mandar M. Ranade	Company Secretary

Note:

- All the key managerial personnel mentioned above are on the payrolls of our Company as permanent employees.
- There is no understanding with major shareholders, customers, suppliers or others pursuant to which any of the above mentioned personnel have been recruited.
- The key managerial personnel as disclosed above are not key managerial personnel as defined under Accounting Standard 18.

The details of our key managerial personnel are set out below:

Mr. Samir P Shah, aged 28 years is our Vice President (Production). He has 9 years work experience in diamond business. Samir P. Shah joined our Company on February 04, 2008. As the Vice President (Production) he is in over all charge of production activities at Varachha factory, Surat, with specific responsibility of information technology and human resource. Samir P Shah is one of the partners of the erstwhile partnership firm C Mahendra Exports. For the Fiscal 2009, the remuneration paid by us to Samir P Shah was Rs 1,200,000.

Mr. Suken P Shah, aged 26 years is our Senior Executive (Production). He has 7 years work experience in diamond industry. Suken P Shah joined our Company on February 04, 2008. As the Senior Executive (Production) he is responsible for managing information technology human resource functions at Varachha factory, Surat. Suken P Shah is one of the partners of the erstwhile partnership firm C Mahendra Exports. For the Fiscal 2009, the remuneration paid by us to Suken P Shah was Rs 630,000.

Mr. Suresh K Mehta, aged 43 years is our President (Production). Suresh K Mehta joined our Company on February 04, 2008. Mr. Mehta has been associated with our Company since the last 20 years and has grass root level knowledge of production functions in the diamond business. Mr. Suresh Mehta has been appointed as President (Production) with effect from April 1 2008. As the President (Production) he is in overall incharge of production and administrative activities at Udhna facility. Suresh K Mehta is one of the partners of the erstwhile partnership firm C Mahendra Exports and is the brother of our Promoter Mr. Champaklal K.Mehta. For the Fiscal 2009, the remuneration paid by us to Suresh K Mehta was Rs 3,240,000

Mr. Paras C Mehta, aged 28 years, is our President (Purchase). Paras C. Mehta joined our Company on February 04, 2008 and has continued to be associated with our Company on its conversion in January 4, 2007. He has been appointed as the President (Purchase) of our Company for a period of three years with effect from April 1, 2008. He has over 10 years experience in area of purchase of rough diamonds. As the President (Purchase) he is responsible for the over all charge of production activities and supervisions and control of the entire administration of our Udhana factory. Paras C. Mehta is the son of our Promoter Mr. Champaklal K.Mehta. For the Fiscal 2009, the remuneration paid by us to Paras C. Mehta was Rs 2,280,000

Mr. Kanu C Shah, aged 45 years, is our President (Public Relations) for a period of three years with effect from April 1, 2008. Mr. Shah. Kanu C Shah joined our Company on February 04, 2008. He has been involved in the diamond business for over 25 years and has been instrumental in liasoning with various governmental and semi governmental bodies. As the President (Public Relation), he is responsible for supervision and over all charge of the publicity and communication activities of the group. As the President (Public Relations), he

has the over all charge of the administration at our Surat factory. Mr Kanu C. Shah has been appointed with effect from April 1, 2008. Kanu C Shah is the brother of our Promoter Mr. Mahendra C Shah and has been associated with our Company since its inception. For the Fiscal 2009, the remuneration paid by us to Paras C Mehta was Rs 4,320,000

Mr. Babulal V. Virvadia, aged 63 years, is the Chief Finance Officer of our Company. He has been associated with our Group since 1979 and was later appointed as a Chief Finance Officer of our Company. He forms an integral part of our management team and has been instrumental in implementation of our strategies and the growth of our organisation, and has experience in handling matters relating to finance, accounting and taxation. As Chief Finance Officer of our Company he is responsible for the financial management of the group. Mr Virvadia has been associated with us since the formation of our erstwhile partnership firm. For the Fiscal 2009, the remuneration paid by us to Babulal V. Virvadia was Rs. 360,000.

Mr. Jitendra P. Damania, aged 41 years, our Senior Manager-Accounts. He has over 22 years of experience in accounting and finance. He has been associated with our Group since 1989 and was then appointed as a Senior Manager-Accounts, and prior to joining us he has worked with K.D & Co. in the capacity of an Audit Assistant and with Bombay Oil India Limited as an Accounts Assistant. As Senior Manager-Accounts of our Company he is responsible for correspondence with banking consortium, review and finalisation of accounts, and taxation related work. Mr Damania has been associated with us since the formation of our erstwhile partnership firm for over 19 years and had been actively involved in the finance accounts departments of our Company. .For the Fiscal 2009, the remuneration paid by us to him was Rs 192,051.

Mr. Ramesh G. Nair, aged 48 years, is our Senior Manager-EXIM and Banking Operation. He has 28 years of experience in EXIM areas. As the Senior Manager-EXIM and Banking Operation he super sees export import related work of our Company and group concerns including liasoning with offices of group concerns situated abroad, licensing and RBI related matters. Mr. Nair has been associated with our Company (erstwhile partnership) since 1981. For the Fiscal 2009, the remuneration paid by us to Ramesh G. Nair was Rs 191,988.

Mr. Mandar M. Ranade, aged 37 years, is our Company Secretary. He qualified as an associate company secretary from the Institute of Company Secretaries of India, New Delhi on June 01, 2005. Mr. Ranade has over 8 years experience in the Secretarial field. Mr. Ranade joined our Company in January 2007 and thereafter resigned in September 2007. Thereafter he once again joined our Company as Company Secretary with effect from February 04, 2008. Prior to joining us he has worked with SKIL Group of Companies as Assisstant Company Secretary from June 2005 up to March 2006. As the Company Secretary of the Company he is responsible for secretarial matters. For the Fiscal 2009, the remuneration paid by us to Mandar.M.Ranade was Rs. 420,036.

SHAREHOLDING OF OUR KEY MANAGERIAL PERSONNEL

Except as set out in the table herein below, none of our key managerial personnel hold any Equity Shares in our Company as on date of the Draft Red Herring Prospectus.

Sr. No.	Name of the Key Managerial Personnel	No. of Equity Shares	% of pre issue equity share capital
1.	Suresh K. Mehta	3,216,522	7.15%
2.	Mr. Paras C. Mehta	3,257,610	7.24%
3.	Mr. Kanu C. Shah	5,165,217	11.48%
4.	Mr. Samir P. Shah	2,367,390	5.26%
5.	Mr. Suken P Shah	430,434	0.96%
	Total	**14,437,173**	**32.09%**

RELATION OF THE KEY MANAGERIAL PERSONNEL WITH OUR PROMOTERS/DIRECTORS

None of our key managerial personnel, except as stated below, are “related” to the Promoters or Directors of our Company within the meaning of Section 6 of the Companies Act:

Sr. No.	Name of the KMP	Relationship with the Promoter or Director
1	Mr. Suresh K. Mehta	Brother of Mr. Champaklal K. Mehta
2	Mr. Paras C. Mehta	Son of Mr. Champaklal K. Mehta
3	Mr. Kanu C. Shah	Brother of Mr. Mahendra C. Shah
4	Mr. Suken P. Shah	Brother of Mr. Samir P. Shah and son of Mr. Pravin C. Shah
5	Mr. Samir P. Shah	Brother of Mr. Suken P. Shah and son of Mr. Pravin C.

Sr. No.	Name of the KMP	Relationship with the Promoter or Director
		Shah

EMPLOYEES STOCK OPTION SCHEME

Our Company does not have any Employee Stock Option Scheme or other similar scheme giving options in our Equity Shares to our employees.

BONUS OR PROFIT SHARING PLAN OF THE KEY MANAGEMENT PERSONNEL

The Company does not have any bonus or profit sharing plan of the Key Management Personnel.

INTEREST OF KMPs / PAYMENT OF BENEFITS TO OFFICERS OF OUR COMPANY

Except as disclosed in this chapter and as disclosed under *"Annexure XII"* beginning on page 142 of the Draft Red Herring Prospectus, none of our key managerial personnel have any interest in our Company and / or our Subsidiary other than to the extent of remuneration or benefits to which they are entitled as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of Equity Shares held by them in our Company. We have not paid /given any benefit to the officers of our Company, within the two preceding years nor do we intend to make such payment/give such benefit to any officer as on the date of the Draft Red Herring Prospectus.

CHANGES IN THE KEY MANAGERIAL PERSONNEL DURING THE LAST THREE YEARS PRECEDING THE DATE OF FILING OF THE DRAFT RED HERRING PROSPECTUS

Following are the changes in key managerial personnel since the date of incorporation of our Company otherwise than by way of retirement in the normal course:

Name of Key Managerial Personnel	Date of Appointment (with effect from)	Date of Cessation	Reason for Change
Mr. Mandar M. Ranade	January 8, 2007	September 6, 2007	Resigned for personal reasons reappointed w.e.f February 4, 2008
Ms.Neena Modi	September 6, 2007	February 4, 2008	Resignation as acting Company Secretary
Mr. Mandar M. Ranade	February 04, 2008	-	Appointment as Company Secretary
Mr. Pravin C. Shah	April 1, 2008	-	Appointed as Associate Director
Mr. Pravin K. Mehta	April 1, 2008	-	Appointed as Associate Director
Mr. Samir P. Shah	April 1, 2008	-	Appointed as Vice President Production
Mr. Suken P. Shah	April 1, 2008	-	Appointed as Senior Executive Production
Mr. Suresh K. Mehta	April 1, 2008	-	Appointed as President Production
Mr. Paras C. Mehta	April 1, 2008	-	Appointed as President Purchase
Mr. Kanu C. Shah	April 1, 2008		Appointed as President Public Relations
Mr. Zalak Mansukhbhai Kothari	January 4, 2007	August 31, 2008	Started his own practise in the name of Zalak Kothari & Associates as chartered accountants
Mr. Chandrakant M. Shah	August 1, 2001	April 1, 2010	Resignation

OUR PROMOTERS

The following are the Promoters of our Company:

1. Mr. Mahendra C. Shah,
2. Mr. Champaklal K. Mehta,
3. Mr. Pravin C. Shah,
4. Mr. Pravin K. Mehta and
5. Mr. Sandeep M. Shah

Mr. Mahendra C. Shah, Executive Chairman[1]

For details pertaining to his directorships, refer to the chapter titled "*Our Management"* beginning on page97of the Draft Red Herring Prospectus.

Voter ID: MT/04/024/174227
Driving License No: MH01 20080127442

Mr. Champaklal K. Mehta, Managing Director[2]

For details pertaining to his directorships, refer to the chapter titled "*Our Management*" beginning on page 97 of the Draft Red Herring Prospectus.

Voter ID: GBV8881492
Driving License No: GJ05/013466/00

Mr. Pravin C. Shah[3]

Voter ID: CTL 6078141
Driving License No: GJ05/006034/99

Mr. Pravin K. Mehta[4]

Voter ID: N. A.
Driving License No: MH0191-8165

Mr. Sandeep M. Shah, Whole Time Director[5]

For details pertaining to his directorships, refer to the chapter titled "*Our Management*" beginning on page 97 of the Draft Red Herring Prospectus.

Voter ID: N. A.
Driving License No: MH019811656

[1]**Mr. Mahendra C. Shah**, 57 years, is one of the founder Promoters of our Company. He started his career by setting up a partnership firm along with other co-Promoters, namely Mr. Champaklal K. Mehta and Mr. Pravin C. Shah under the name and style of "M/s. C. Mahendra & Co." to carry on the business of manufacturing and trading of diamonds, precious stones and jewellery. He has on the job experience in diamond grading, assorting etc. He has been involved in diamond trading and manufacturing business since 1974. In 1978, he became partner of M/s C Mahendra Exports, wherein he played an instrumental role along with Mr. Champaklal K. Mehta, in recognition of the firm as one of the five highest diamond exporting firms in India by 2003-04. He has experience and specialises in valuation of diamonds and marketing of loose diamonds and has also been associated with the diamond industry, both local and international markets. He has attended several conferences of diamond trade professional organizations like Diamond Trading Company, Gem and

Jewellery Export Promotion Council and Diamond Merchant Association. He is also a trustee of Shri Chandulal Kakkalchand Shah Parikh Charitable Trust and is a founder of a school named after his mother, Parikh Monghiben Chandulal Sanskar Vidyalaya, Tirthgam, Vav which imparts quality education to almost 1300 students. Mr. Mahendra C. Shah is the Executive Chairman of our Company. As the Executive Chairman of the Company, he is presently involved in our global marketing initiatives and is responsible for the overall administration and management of our Group.

Mr. Mahendra Chandulal Shah joined the Board of our Company on January 4, 2007, and was appointed as the Executive Chairman of our Company with effect from January 1, 2008.

[2]**Mr. Champaklal K. Mehta**, 55 years, is one of the founder Promoters of our Company. He started his career by setting up a partnership firm along with other co-Promoters, namely Mr. Mahendra C. Shah and Mr. Pravin C. Shah under the name and style of "M/s. C. Mahendra & Co." to carry on the business of manufacturing and trading of diamonds, precious stones and jewellery. In 1978, he became partner of M/s. C Mahendra Exports, wherein he played an instrumental role along with Mr. Mahendra C. Shah, in recognition of the firm as one of the five highest diamond exporting firms in India by 2003-04. He has experience and specialises in valuation of diamonds and marketing of loose diamonds and has also been associated with the diamond industry, both local and international markets. He is a trustee of Shri Mehta Nagardas Shamjibhai Public Charitable Trust and is also the founder of a school named after his grandfather, Shri Nagardas Shamjibhai Vinay Mandir.Mr. Champaklal K Mehta is the Managing Director of our Company. As Managing Director of the Company he is presently involved in the purchase of rough diamonds and is responsible for theoverall planning, manufacturing, management and administration at the factories and offices of the Company situated at Surat.

Mr. Champaklal Kirtilal Mehta joined the board of our Company on January 4, 2007, and was appointed as the Managing Director of our Company with effect from January 1, 2008.

[3]**Mr. Pravin C. Shah**, 50 years, brother of Mr. Mahendra C. Shah is a Promoter of our Company, and was a partner in the erstwhile partnership firm. He has been involved in the diamond manufacturing activities for 30 years and has also been instrumental in introduction of latest technology within the C. Mahendra Group to improve quality of finished products, and is also actively involved in areas such as rough diamond assortment and purchases within the local market. He is also the trustee of Shri Chandulal Kakkalchand Shah Parikh Charitable Trust and actively associates himself with a number of charitable trusts / institutions engaged in social welfare and religious activities. Mr. Pravin C. Shah, resigned as a Director from our Board with effect from February 4, 2008, and was subsequently appointed as Associate Director, with effect from April 1, 2008 for a period of 3 years, further his designation was changed from Associate Director to President (Production) in the Board Meeting dated October 06, 2008. As President (Production), he is in charge of procurement at our surat facility and is responsible for superseeing the entire administration and production activities at the Surat facility.

[4]**Mr. Pravin K. Mehta**, 48 years, brother of Mr. Champaklal K. Mehta is a Promoter of our Company, was a partner of our erstwhile partnership firm. He has over 19 years of experience in areas of management and administration and specializes in financial management. Mr. Pravin K. Mehta, resigned as a Director from our Board with effect from February 4, 2008, and was subsequently appointed as Associate Director with effect from April 1, 2008 for a period of 3 years, his designation was changed from Associate Director to President (Production) in the Board Meeting dated October 06, 2008. As President (Administration) he is responsible for the over all charge of accounts and administration of our corporate offices at Mumbai and also for monitoring of Best Practice Principles followed by our business.

[5]**Mr. Sandeep M Shah**, son of Mr. Mahendra C. Shah, has been associated with us as a partner in the erstwhile partnership firm He started his career as partner of M/s C. Mahendra Exports in 1997. He has over 9 years of experience in areas relating to purchase and sale of polished diamonds and specializes in diamond stock management. As an Executive Director of our Company, Mr. Sandeep M. Shah is responsible for marketing, purchase and assorment. He is also a trustee of Shri Chandulal Kakkalchand Shah Parikh Charitable Trust and is also associated with a number of other charitable trusts / institutions engaged in social welfare and religious activities. Mr. Sandeep M. Shah joined our Company on January 4, 2007, and was appointed as Executive Director with effect from January 31, 2008.

For details of terms of appointment of Mr. Mahendra C. Shah as our Executive Chairman, Mr. Champaklal K Mehta our Managing Director and Mr. Sandeep M. Shah our Whole Time Director, please see the chapter titled *"Our Management"* beginning on page 97 of the Draft Red Herring Prospectus.

**Further our Company, for Mr. Pravin C. Shah and Mr. Pravin K. Mehta has made applications to the Central Government May 29, 2008 pursuant to the provisions of section 314 (1B) of the Companies Act requiring*

consent for appointing relatives of Directors as employees of our Company for payment of remuneration exceeding the specified statutory limits. For further details on the same, please refer to chapter titled "Government and other Statutory Approvals" *beginning' on page 226 of the Draft Red Herring Prospectus.*

Other Confirmations

We confirm that the details of the permanent account numbers, bank account numbers and passport numbers of our Promoters will be submitted to the Stock Exchanges at the time of filing the Draft Red Herring Prospectus with the Stock Exchanges.

Further, our Promoters have confirmed that they have not been declared as wilful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or are currently pending against them.

Additionally, none of the Promoters have been restrained from accessing the capital markets for any reasons by the SEBI or any other authorities.

For details pertaining to other ventures of our Promoters refer chapter titled *"Group Companies"* beginning on page 186 of the Draft Red Herring Prospectus.

Relationship between Promoters

The relationship amongst our Promoters is as follows:

Name of the Promoter	Relationship with the Promoter or Director
Mr. Mahendra C. Shah	Father of Mr. Sandeep M Shah and brother of Mr. Pravin C. Shah
Mr. Champaklal K. Mehta	Brother of Mr. Pravin K. Mehta
Mr. Pravin C. Shah	Brother of Mahendra C. Shah and uncle of Mr. Sandeep M. Shah
Mr. Pravin K. Mehta	Brother of Mr. Champaklal K. Mehta
Mr. Sandeep M. Shah	Son of Mr. Mahendra C. Shah and nephew of Mr. Pravin C. Shah

Common Pursuits

Three of the Group Companies namely C. Mahendra Jewels Private Limited, C.M Infojewels Private Limited and Infojewels Private Limited have objects similar to those of our Company. To that extent we may have a potential conflict of interest between the said Group Companies and our Company. Other than this there are no other common pursuits in the business of our Company and our Group Companies. Further, We have not entered into non-compete agreements or understanding with these entities. For further details, of the entities refer to the chapter titled *"Group Companies"* beginning on page 186 of the Draft Red Herring Prospectus.

Interest of our Promoters, Group Companies, Directors and Key Managerial Personnel

Except as stated in "*Annexure XII*" beginning on page 142 of the Draft Red Herring Prospectus and to the extent of compensation / sitting fees and reimbursement of expenses in accordance with their respective terms of employment, our Promoters do not have any other interest in our business.

Our Promoters may also be regarded interested to the extent of dividend payable to them and other distributions in respect of the Equity Shares, if any, held by them or by the companies / firms / ventures promoted by them or that may be subscribed by or allotted to them and the companies, firms, in which they are interested as Directors, members, partners and Promoters, pursuant to the Issue. Our Promoters are also interested to the extent of transactions given under "*Annexure XII*" beginning on page 142 of the Draft Red Herring Prospectus.

All our Directors, Promoters and Key Managerial Personnel may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective declarations.

Our Directors and Promoters do not have any interest in any property acquired by our Company in the period of two (2) years before filing the Draft Red Herring Prospectus with SEBI or proposed to be purchased/acquired which is to be paid wholly or partly out of the proceeds of the Issue.

As on September 30, 2009, our Company has availed interest-free unsecured loan of Rs. 787.29 million from our Promoters and Directors and Rs. 582.83 million from other Key Managerial Personnel. For further details in this regard, please refer to "Statement of Restated Related Party Transactions" beginning on page 142 of the Draft Red Herring Prospectus.

Except as stated otherwise in the Draft Red Herring Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of the Draft Red Herring Prospectus in which the Directors are directly or indirectly interested and no payments have been made to them in respect of these contracts, agreements or arrangements and no such payments are proposed to be made to them.

Our Company has entered into separate lease deeds with our Group Companies Ashesha Trading Private Limited, Allright Trading Private Limited and Polo Developers Private Limited in respect of our Varachha unit. The property, in which our office at Kadampalli is situated, stands in the name of some of our Promoters. For further details of the same please refer to heading titled *"Properties"* beginning on page 78 under chapter titled *"Business overview"* and "Statement of Restated Related Party Transactions" beginning on page 142 of the Draft Red Herring Prospectus.

Further the properties belonging to our Promoters and their relatives, our Subsidiary C. Mahendra International Limited and Group Companies including Ashesha Trading Private Limited, Allright Trading Private Limited and Polo Developers Private Limited have been charged as primary securities in relation to financial assistance availed by us from our lenders. For further details on the same please refer to "*Financial Indebtedness*" beginning on page 209 of the Draft Red Herring Prospectus.

Payment or Benefit to our Promoters

No payment has been made or benefit given to our Promoters in the two years preceding the date of the Draft Red Herring Prospectus except as mentioned/referred to in this chapter and in the chapter titled "*Our Management*" and in the section titled "*Financial Statement*s" beginning on pages 97 and 121 respectively, of the Draft Red Herring Prospectus.

There is no bonus or profit sharing plan for our Promoters.

Related Party Transactions

For details on our related party transactions refer the paragraph titled *"Properties"* on page 78 in chapter titled *"Business Overview"* beginning on page 66, paragraph under the heading *"Interest of Directors"* in the chapter titled *"Our Management"* beginning on page 97 and in the *"Annexure - XII"* beginning on page 142 under the section titled "*Financial Statements"*, respectively, of the Draft Red Herring Prospectus.

OUR PROMOTER GROUP

Promoter and Promoter Group in terms of Regulation 2(1)(za) and 2(1)(zb) of the SEBI ICDR Regulations.

Our Promoters are Mr. Mahendra C. Shah, Mr. Champaklal K. Mehta, Mr. Pravin C. Shah , Mr. Pravin K. Mehta and Mr. Sandeep M. Shah.

Our Promoter Group consists of:

A. Individuals related to our Promoters:

Relationship with Promoters	Mr. Mahendra C. Shah	Mr. Champaklal K. Mehta	Mr. Pravin C. Shah	Mr. Pravin K. Mehta	Mr. Sandeep M. Shah
Father	Mr. Chandulal Kakkalchand Shah	Mr. Kirtilal Chunilal Mehta	Mr. Chandulal Kakkalchand Shah	Mr. Kirtilal Mehta	Mr. Mahendra C. Shah
Mother	Late Mrs. Monghiben C. Shah	Mrs. Vimlaben Mehta	Late Mrs. Mongiben Shah	Mrs. Vimlaben Mehta	Mrs. Rasila Shah
Brother	Mr. Pravin C. Shah Mr. Kanu C. Shah	Mr. Pravin K. Mehta Mr. Prakash K. Mehta Mr. Suresh K. Mehta	Mr. Mahendra C. Shah Mr. Kanu C. Shah	Mr. Champaklal K. Mehta Mr. Prakash K. Mehta Mr. Suresh K. Mehta	Mr.Vikram Shah Jignesh Shah
Sister	Manju Sanghavi Kokila Virvadia	Kanchan Desai Sharmishtha Sanghvi	Kokila Virvadia Manju Sanghavi	Kanchan Desai Sharmishtha Sanghvi	-
Spouse	Mrs. Rasila Shah	Mrs. Dipika Mehta	Mrs. Ramila Shah	Mrs. Nayna Mehta	Mrs. Krupa Shah
Spouse's Father	Mafatlal V. Sanghavi	Laxmichand N. Shah	Shantilal P. Shah	Mukhlala S. Sanghavi	Chetanbhai C. Shah
Spouse's Mother	Dhudhiben M. Sanghavi	Shantaben L. Shah	Ambaben S. Shah	Kantaben M. Sanghavi	Mayeben C. Shah
Spouse's Brother	Champak M. Sanghavi Dilip M. Sanghavi Raju M. Sanghavi Prakash M. Sanghavi	Ashwin L. Shah Rajubhai L. Shah	Waghjibhai S. Shah Vinodbhai S. Shah	Navinbhai M. Sanghavi	Hardik C. Shah
Spouse's Sister	Induben R. Sheth Kokilaben N. Sheth Ritaben P. Mehta Dipika H. Mehta Bhavana R. Parikh	Chhayaben N. Mehta Aarti L.Shah	Taraben J. Shah \Prabhaben R. Doshi		
Children	Sandeep Shah	Mr. Paras	Samir Shah	Master Utsav	Vanshika Shah

Relationship with Promoters	Mr. Mahendra C. Shah	Mr. Champaklal K. Mehta	Mr. Pravin C. Shah	Mr. Pravin K. Mehta	Mr. Sandeep M. Shah
	Vikram Shah Jignesh Shah	Mehta	Suken Shah Sweety Shah	Mehta Ronak Mehta Richa Mehta Priyanka Mehta	Kavya Shah

B. Companies, proprietary concerns, HUF's related to our Promoters:

Nature of Relationship	Entity
Any body corporate in which 10% or more of the equity share capital is held by the Promoter or an immediate relative of the Promoter or a firm or Hindu Undivided Family in which the Promoter or any one or more of his immediate relative is a member	1. KPM Reality Private Limited 2. Ashesha Trading Private Limited 3. Polo Developers Private Limited 4. CM Infojewels Private Limited 5. Infojewels (India) Private Limited 6. C.Mahendra Capital Private Limited 7. C.Mahendra Jewels Private Limited
Any body corporate in which a body corporate as mentioned above holds 10% or more, of the equity share capital	NIL
Any HUF or firm in which the aggregate shareholding of the Promoter and his immediate relatives is equal to or more than 10%	1. Mahendra C. Shah HUF 2. Pravin C. Shah HUF 3. Champak K. Mehta HUF 4. Chandulal K. Shah HUF

Further, none of our Promoters is a body corporate.

For further details on our Promoter Group refer chapter titled *"Group Companies"* beginning on page186 of the Draft Red Herring Prospectus.

DIVIDEND POLICY

The declaration and payment of dividends on our Equity Shares will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, cash flows, capital expenditure, capital requirements and overall financial condition. The status of the Company prior to 4 January 2007 was that of a partnership firm. The profit of the partnership firm for the period was distributed to partners in their profit/ (loss) sharing ratio. For further details, please refer to “Financial Statements” beginning on page 121 of the Draft Red Herring Prospectus.

Our Company has not declared any dividend since inception. Our Company has no stated dividend policy.

SECTION – VI – FINANCIAL STATEMENTS

AUDITORS' REPORT AND FINANCIAL INFORMATION

AUDITORS' REPORT
ON RESTATED FINANCIAL INFORMATION OF C. MAHENDRA EXPORTS LIMITED
(ERSTWHILE C. MAHENDRA EXPORTS- PARTNERSHIP FIRM)

To
The Board of Directors,
C. MAHENDRA EXPORTS LIMITED,
1204, Panchratna, Opera House,
Mumbai – 400 004

Dear Sirs,

1) We have examined the attached restated financial information of C. MAHENDRA EXPORTS LIMITED (Erstwhile C. Mahendra Exports–Partnership Firm) (hereinafter referred as 'C. Mahendra' or 'the Company') annexed to this report. The said restated financial information has been prepared by the Company and approved by the Board of Directors in accordance with the requirements of:

   a) paragraph B(1) of Part II of Schedule II of the Companies Act, 1956 ('the Act');

   b) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('the SEBI Regulations') issued by the Securities and Exchange Board of India ('SEBI') on 26 August 2009 in exercise of the powers conferred by section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992); and

   c) the terms of our engagement agreed upon with you in accordance with our engagement letter dated 1 December 2009 in connection with the proposed Initial Public Offer of equity shares of the Company.

2) The restated financial information of the Company has been extracted by the management from the audited financial statements for the financial year/period ended 31 March 2005, 31 March 2006, 3 January 2007, 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009 which have been approved by the Board of Directors. Audit of financial statements for the year/period ended 31 March 2005, 31 March 2006, 3 January 2007 and 31 March 2007 was conducted by previous auditors M/s. Vejani & Co., and accordingly reliance has been placed on the audited financial statements for the said years for the purpose of the restated financial information. Audit of financial statements for year ended 31 March 2008, 31 March 2009 and 30 September 2009 was conducted by us.

3) *We draw attention to paragraph (ii)(d) in Annexure IV – Accounting Policies and Notes to the Restated Financial Information regarding no adjustment made in the restated financial information to remove qualification in auditors' report with regards to Accounting Standard (AS)-2 "Valuation of Inventories" for the period / year ended 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009. The effect of which cannot be determined for reasons mentioned in paragraph (iii)(2) in Annexure IV.*

4) Subject to paragraph 3 above and based on our examination, we further report that:

   (a) The Restated Summary Statement of Assets and Liabilities of the Company as at 31 March 2005, 31 March 2006, 3 January 2007, 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009 are as set out in Annexure-I to this report is after making adjustments/restatements and regrouping as in our opinion were appropriate and more fully described in paragraph (ii) in Annexure IV – Accounting Policies and Notes to the Restated Financial Information and

   (b) The Restated Summary Statement of Profit and Loss of the Company for the year/period then ended 31 March 2005, 31 March 2006, 3 January 2007, 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009 are as set out in Annexure-II to this report is after making adjustments/restatements and regrouping as in our opinion were appropriate and more fully described in paragraph (ii) in Annexure IV – Accounting Policies and Notes to the Restated Financial Information.

5) We have also examined the following restated financial information relating to the Company for the financial year/period ended 31 March 2005, 31 March 2006, 3 January 2007, 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009, annexed to this report:

(i) Statement of Restated Cash Flows as appearing in Annexure-III;

(ii) Statement of Restated Investments as appearing in Annexure-V;

(iii) Statement of Restated Sundry Debtors including details of debts due from related parties as appearing in Annexure-VI;

(iv) Statement of Restated Loans and Advances as appearing in Annexure-VII;

(v) Statement of Restated Secured Loans as appearing in Annexure-VIII;

(vi) Statement of Restated Unsecured Loans as appearing in Annexure-IX;

(vii) Statement of Restated Other Income as appearing in Annexure-X;

(viii) Statement of Restated Contingent Liabilities as appearing in Annexure-XI;

(ix) Statement of Restated Related Party Transactions as appearing in Annexure-XII;

(x) Statement of Restated Segment Information as appearing in Annexure-XIII;

(xi) Statement of Restated Capitalisation Statement enclosed as Annexure-XIV;

(xii) Statement of Restated Accounting Ratios as appearing in Annexure-XV;

(xiii) Statement of Tax Shelter appearing in Annexure-XVI; and

(xiv) Statement of Dividend paid as appearing in Annexure-XVII.

6) In our opinion the Restated Summary Statement of Assets and Liabilities, Restated Summary of Profit and Loss Account and the financial information as stated above read along with the Significant Accounting Policies and Notes as set out in Annexure-IV have been prepared in accordance with Paragraph B(1) of Part II of Schedule II of the Act and the SEBI Regulations.

7) This report should not be in any way construed as a re-issuance or re-dating of any of the previous audit reports issued by us or by any other firm of Chartered Accountants, nor should it be construed as a new opinion on any of the financial statements referred to therein.

8) This report is intended solely for use of the management and for inclusion in the Offer Document in connection with the Proposed Initial Public Offer of the Company and is not be used, referred to or distributed for any other purpose without our prior consent in writing.

FOR SURESH SURANA & ASSOCIATES
Chartered Accountants

(Nirmal Jain)
PARTNER
Membership No.34709

Mumbai;
Dated: 3 February 2010

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - I : Restated Summary Statement of Assets and Liabilities

(Rs. in millions)

	Particulars	As at 30-Sep-09	As at 31-Mar-09	As at 31-Mar-08	As at 31-Mar-07	As at 03-Jan-07	As at 31-Mar-06	As at 31-Mar-05
I	**FIXED ASSETS**							
	Net block	890.14	927.93	981.18	842.18	840.84	838.97	150.65
	Capital work-in-progress including capital advances	27.03	22.69	38.45	16.90	16.74	67.17	90.70
		917.17	**950.62**	**1,019.63**	**859.08**	**857.58**	**906.14**	**241.35**
II	**INVESTMENTS**	**181.83**	**181.83**	**181.83**	**20.28**	**20.28**	**20.28**	**37.78**
III	**CURRENT ASSETS, LOANS AND ADVANCES**							
	Inventories	3,784.15	3,690.98	3,953.09	3,946.54	3,834.25	3,386.44	2,445.91
	Sundry debtors	10,957.02	10,520.22	7,555.24	5,748.53	5,514.89	3,935.99	3,118.07
	Cash and bank balances	111.43	109.34	108.32	132.75	116.73	150.21	102.67
	Other current assets	0.37	0.17	0.06	0.23	0.05	0.55	0.12
	Loans and advances	487.51	486.27	385.62	292.79	274.38	279.93	230.79
		15,340.48	**14,806.98**	**12,002.33**	**10,120.84**	**9,740.30**	**7,753.12**	**5,897.56**
IV	**LIABILITIES AND PROVISIONS**							
	Secured loans	8,383.72	8,564.60	6,995.67	5,795.08	5,874.10	4,576.12	3,148.13
	Unsecured loans	1,413.08	1,407.77	1,458.93	1,526.41	2,540.48	163.99	151.45
	Current liabilities	4,091.61	3,503.85	2,548.02	1,932.39	1,643.68	1,452.87	466.74
	Provisions	296.13	281.69	251.37	201.70	194.81	177.53	194.99
		14,184.54	**13,757.91**	**11,253.99**	**9,455.58**	**10,253.07**	**6,370.51**	**3,961.31**
V	**DEFERRED TAX LIABILITIES (NET)**	**152.54**	**154.54**	**133.76**	**131.21**	**115.09**	**69.06**	**7.69**
VI	**NET WORTH (I+II+III-IV-V)**	**2,102.40**	**2,026.98**	**1,816.04**	**1,413.41**	**250.00**	**2,239.97**	**2,207.69**
VII	**EQUITY SHARE CAPITAL**	300.00	300.00	300.00	300.00	250.00	2,239.97	2,207.69
		300.00	**300.00**	**300.00**	**300.00**	**250.00**	**2,239.97**	**2,207.69**
VIII	**RESERVES AND SURPLUS**							
	Securities premium account	950.00	950.00	950.00	950.00	-	-	-
	Profit and loss account	852.40	776.98	566.04	163.41	-	-	-
		1,802.40	**1,726.98**	**1,516.04**	**1,113.41**	**-**	**-**	**-**
IX	**NET WORTH (VII+VIII)**	**2,102.40**	**2,026.98**	**1,816.04**	**1,413.41**	**250.00**	**2,239.97**	**2,207.69**

Notes:

1. The accompanying Significant Accounting Policies and Notes to the Restated Financial Information are an integral part of this Restated Summary Statement of Assets and Liabilities.

2. The status of the Company upto 3 January 2007 was partnership firm and accordingly share capital disclosed for period ended 3 January 2007 and earlier represent total of balance in Partner's Capital Account as restated on the respective dates.

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - II : Restated Summary Statement of Profit and Loss Account

(Rs. in millions)

	Particulars	Period ended 30-Sep-09	Year ended 31-Mar-09	Year ended 31-Mar-08	Period ended 31-Mar-07	Period ended 03-Jan-07	Year ended 31-Mar-06	Year ended 31-Mar-05
I	**INCOME**							
	Sales and income from operations	6,018.70	14,132.42	13,664.45	3,306.57	8,434.91	9,120.77	7,574.45
	Other income	4.72	113.17	30.73	2.62	5.35	34.15	110.33
	Increase/ (Decrease) in inventories	782.13	65.54	460.72	(162.31)	349.48	340.44	380.25
		6,805.55	**14,311.13**	**14,155.90**	**3,146.88**	**8,789.74**	**9,495.36**	**8,065.03**
II	**EXPENDITURE**							
	Cost of materials	6,055.81	12,707.50	11,724.60	2,577.84	7,127.71	7,971.05	6,725.92
	Staff cost	37.58	139.97	158.09	37.35	26.16	63.71	78.14
	Manufacturing and other expenses	207.36	424.03	1,139.59	195.91	976.79	860.43	853.47
	Selling and distribution expenses	4.44	12.99	15.85	5.74	7.77	10.30	12.38
	Interest	373.48	690.37	629.77	130.40	311.73	223.66	126.51
	Miscellaneous expenditure written off	-	-	-	0.62	1.63	-	-
	Depreciation / Amortization	39.26	83.55	81.23	18.99	72.63	43.50	21.51
		6,717.93	**14,058.41**	**13,749.13**	**2,966.85**	**8,524.42**	**9,172.65**	**7,817.93**
III	**PROFIT BEFORE TAXATION**	**87.62**	**252.72**	**406.77**	**180.03**	**265.32**	**322.71**	**247.10**
	Provision for tax							
	Current tax	(15.00)	(30.00)	(46.60)	(5.91)	(14.54)	(15.04)	(60.00)
	Less: MAT credit entitlement	0.80	10.00	46.00	5.68	-	-	-
	Deferred tax	2.00	(20.78)	(2.55)	(16.12)	(46.03)	(61.38)	(2.33)
	Fringe benefit tax	-	(1.00)	(1.00)	(0.27)	(0.62)	(1.18)	-
	Net profit after tax	**75.42**	**210.94**	**402.62**	**163.41**	**204.13**	**245.11**	**184.77**

Notes:

The accompanying Significant Accounting Policy and Notes to the Restated Financial Information are an integral part of this Restated Summary Statement of Profit and Loss Account.

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - III : Statement of Restated Cash Flows

(Rs. in millions)

	Particulars	Period ended 30-Sep-09	Year ended 31-Mar-09	Year ended 31-Mar-08	Period ended 31-Mar-07	Period ended 03-Jan-07	Year ended 31-Mar-06	Year ended 31-Mar-05
A.	**CASH FLOW FROM OPERATING ACTIVITIES**							
	Profit before taxation	**87.62**	**252.72**	**406.77**	**180.03**	**265.32**	**322.71**	**247.10**
	Adjustment for:							
	Depreciation / Amortization	39.26	83.55	81.23	18.99	72.63	43.50	21.51
	(Profit) / Loss on sale of fixed assets (net)	-	(0.21)	0.03	0.04	0.05	(0.23)	(4.02)
	Interest income	(4.37)	(10.68)	(8.28)	(2.15)	(3.88)	(5.20)	(4.97)
	Interest expenses	373.48	690.37	629.77	130.40	311.73	223.66	126.51
	Unrealised exchange difference (net)	156.50	(112.79)	5.90	63.87	117.66	61.00	(65.44)
	Dividend income from subsidiary company	-	-	(0.20)	-	(0.20)	(0.10)	-
	Cash generated from operations before working capital changes	652.49	902.96	1,115.22	391.18	763.31	645.34	320.69
	Adjustment for:							
	(Increase)/ Decrease in inventories	(93.17)	262.11	(6.54)	(112.30)	(447.81)	(940.53)	(513.97)
	(Increase)/ Decrease in trade and other receivables	(519.42)	(2,295.67)	(1,787.27)	(338.33)	(1,690.38)	(899.59)	(280.83)
	Increase/ (Decrease) in current liabilities and provisions	540.25	611.47	602.40	323.31	193.06	984.77	(232.97)
	Cash generated from/ (used in) operations	580.15	(519.13)	(76.19)	263.86	(1,181.82)	(210.01)	(707.08)
	Direct tax paid (Net)	(1.01)	(36.11)	(44.94)	(8.26)	(10.88)	(18.27)	(58.71)
	Net cash from/ (used in) Operating Activities (A)	**579.14**	**(555.24)**	**(121.13)**	**255.60**	**(1,192.70)**	**(228.28)**	**(765.79)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**							
	Payments made for purchase of fixed assets/ capital expenditure	(14.61)	(5.82)	(242.91)	(33.21)	(24.89)	(708.54)	(102.59)
	Proceeds from sale of fixed assets	-	0.61	1.09	12.69	0.77	0.48	9.71
	Loans (granted)/ received back (net)	(0.31)	1.29	2.19	(0.26)	(3.18)	(1.80)	(0.82)
	Interest received	4.16	10.57	8.46	1.98	4.37	4.77	5.09
	(Purchase) / Sale of Investments	-	-	(161.55)	-	-	17.50	(0.28)
	Dividend received from subsidiary company	-	-	0.20	-	0.20	0.10	-
	Net cash from/ (used in) Investing Activities (B)	**(10.76)**	**6.65**	**(392.52)**	**(18.80)**	**(22.73)**	**(687.49)**	**(88.89)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**							
	Capital introduced/withdrawn (net)	-	-	-	-	181.36	49.50	47.35
	Proceeds from issue of shares (Refer note 2 below)	-	-	-	-	-	-	-
	Proceeds from borrowings (net of repayment)	(191.01)	1,221.55	1,119.30	(87.72)	1,305.92	1,135.52	922.31
	Interest paid	(375.29)	(671.94)	(630.08)	(133.06)	(305.33)	(221.71)	(126.72)
	Net cash from/ (used in) Financing Activities (C)	**(566.30)**	**549.61**	**489.22**	**(220.78)**	**1,181.95**	**963.31**	**842.94**
	Net increase/ (decrease) in Cash and Cash Equivalents (A+B+C)	**2.08**	**1.02**	**(24.43)**	**16.02**	**(33.48)**	**47.54**	**(11.74)**
	Cash and Cash Equivalents at the beginning of the year/period	109.34	108.32	132.75	116.73	150.21	102.67	114.41
	Cash and Cash Equivalents at the end of the year/period	**111.42**	**109.34**	**108.32**	**132.75**	**116.73**	**150.21**	**102.67**
	Components of Cash and Cash Equivalents at the end of the year/period							
	Cash in hand	4.34	2.28	4.93	5.00	3.67	2.82	7.04
	Balance with scheduled banks							
	Current account	3.93	12.07	9.22	15.19	9.79	52.22	13.67
	EEFC account	0.08	-	-	-	-	-	-
	Fixed deposit/ margin money	103.07	94.99	94.17	112.56	103.27	95.17	81.96
		111.42	**109.34**	**108.32**	**132.75**	**116.73**	**150.21**	**102.67**

Notes:

1. The accompanying Significant Accounting Policy and Notes to the Restated Financial Information are an integral part of this Statement of Restated Cash Flow.

2. During period ended 31 March 2007 the Company has issued 5,000,000 equity shares of Rs.10 each at Rs.200 each (including Rs.190 premium) by adjusting balance lying in Unsecured loans, as such the same has been treated as non-cash transaction.

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - IV: Accounting Policies and Notes to the Restated Financial Information

i. SIGNIFICANT ACCOUNTING POLICIES:

a) Basis of Preparation

These Restated Financial Information of C. Mahendra Exports Limited have been extracted from the audited financial statements for the respective year/period and restated to comply in all material respects with the Accounting Standards prescribed by the Companies Accounting Standards Rules, 2006 notified by the Central Government to the extent possible except as disclosed in paragraph ii(d) here in below and other adjustments as necessary in accordance with paragraph B(1) of Schedule II of The Companies Act, 1956 and SEBI Regulations.

b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) Fixed Assets

Fixed assets are accounted at cost of acquisition inclusive of freight, duties, taxes, incidental expenses and borrowing cost and are stated at written down value.

d) Depreciation

The Company has been charging depreciation on written down value method except plant and machinery relating to Windmills at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. Depreciation on Windmills is provided on straight line method.

Leasehold land is amortised over the lease period.

e) Investments

Investments intended to be held for more than one year are classified as long-term investments and other investments are classified as current investments. Long-term investments are valued at cost less provision, if any, for diminution in value, which is other than temporary. Current investments are valued at the lower of cost or market value on scrip wise basis.

f) Inventories

i. Raw materials - Rough diamonds are valued at lower of cost or net realisable value. The cost is determined by weighted average method on lot wise basis. Rough diamond rejection is valued at estimated realisable value.

ii. Finished goods - Polished diamonds are valued at lower of estimated cost as certified by directors or net realisable value.

iii. Consumables are valued at lower of estimated cost or net realisable value.

g) Revenue Recognition

i. Revenue from exports sales is recognised when delivery of goods is physically given to customs authorities. Revenue from domestic sales is recognised when the title of goods passes to the customers, which is generally on delivery.

ii. Income from sale of wind energy is recognised on its transmission as per terms of agreement.

h) Foreign Currency Transactions

i. Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailing at the date of the Balance Sheet. Gain / loss arising on account of differences in foreign exchange rates on settlement / translation of monetary assets and liabilities are recognised in the Profit and Loss Account. Non-monetary foreign currency items are carried at cost.

ii. The premium or discount arising at the inception of forward exchange contract is amortised as expenses or income over the life of the contract. Exchange differences on such contracts are recognised in the Profit and Loss Account in the reporting period in which the exchange rate changes. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense for the period.

iii. Any profit or loss arising on settlement or cancellation of other derivative contracts (swaps and currency options) is recognised as income/expense for the period. The derivative contracts outstanding at the period-end, are marked to its current market value and gain/ loss on such contracts, is recognised in the profit and loss account.

i) Retirement Benefits

i. Retirement benefits in the form of provident fund and pension scheme are accounted on accrual basis.

ii. Provision for gratuity liability is made on the basis of actuarial valuation at the end of the accounting year.

iii. Liability for encashment of leave is recognised and charged to the profit and loss account in the year in which it is earned on accrual basis.

j) Borrowing Costs

Borrowing cost directly attributable to acquisition or construction of fixed assets, which necessarily take substantial period of time to get ready for their intended use, are capitalised. Other borrowing costs are charged to profit and loss account.

k) Taxation

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax are measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current period timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable/ virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably/ virtually certain that sufficient future taxable income will be available against which such deferred tax assets can be realised.

l) Accounting for Provisions and Contingent Liabilities

A provision is made when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. A disclosure for a contingent

liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

m) Earning Per Share

The Basic Earning per Share (EPS) is computed by dividing the Net Profit after tax for the period available for the Equity Shareholders by the weighted average number of Equity Shares outstanding during the period. For the purpose of calculating diluted Earnings per Share, Net Profit after tax for the period available for Equity Shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential Equity Shares.

n) Impairment

At each balance sheet date, the Company determines whether a provision should be made for impairment loss on fixed assets (including intangible assets), by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard (AS)-28 'Impairment of Assets'. Where the recoverable amount of any fixed assets is lower than its carrying amount, a provision for impairment loss on fixed assets is made.

o) Preliminary Expenses

Preliminary expenses are charged to the profit and loss account in the year in which the same are incurred.

ii. Restatements arising out of change in accounting policies and material adjustments relating to previous years/periods

(Rs. in millions)

Sr. No.	Particulars	Period ended 30-Sep-09	Year ended 31-Mar-09	Year ended 31-Mar-08	Period ended 31-Mar-07	Period ended 3-Jan-07	Year ended 31-Mar-06	Year ended 31-Mar-05
A.	**Profit after tax as per audited financial statements**	**69.81**	**198.95**	**385.26**	**178.28**	**269.40**	**304.20**	**179.18**
	Adjustment for:							
	Change in accounting policies and restatement							
	Dividend income	-	-	-	-	0.20	0.10	-
	Gratuity	-	-	-	(0.70)	(2.11)	1.83	(2.23)
	Bonus	-	-	-	(1.03)	(2.58)	-	-
	Profit / (Loss) on sale of fixed assets	-	-	-	0.72	(0.05)	0.23	4.02
	Depreciation	5.61	11.71	12.34	(0.30)	(12.91)	(1.92)	7.67
	Preliminary expenses	-	-	1.79	(0.16)	(1.63)	-	-
	Current tax expenses	-	-	-	(3.91)	0.46	3.23	(1.54)
	MAT credit entitlement	-	-	-	5.68	-	-	-
	Fringe benefit tax expenses	-	-	-	-	(0.62)	(1.18)	-
		5.61	**11.71**	**14.13**	**0.30**	**(19.24)**	**2.29**	**7.92**
	Tax impact on above adjustments							
	Current tax expenses	-	-	(0.10)	-	-	-	-
	MAT credit entitlement	-	-	0.40	-	-	-	-
	Deferred tax expenses	-	0.28	2.93	(15.17)	(46.03)	(61.38)	(2.33)
B.	**Adjustments net of tax impact**	**5.61**	**11.99**	**17.36**	**(14.87)**	**(65.27)**	**(59.09)**	**5.59**
C.	**Adjusted profit (A+B)**	**75.42**	**210.94**	**402.62**	**163.41**	**204.13**	**245.11**	**184.77**

a) Adjustments resulting from changes in accounting policies

i) Gratuity

During the year ended 31 March 2008, the Company adopted the Accounting Standard (AS)-15 "Employee Benefits" applicable for accounting periods commencing on or after December 7, 2006. However, the Company adopted the standard with effect from 1 April 2007. The cumulative effect of this change was recorded in the year ended 31 March 2008. Accordingly, Employees' Remuneration and Benefits have been recomputed for the year/period ended 31 March 2005, 31 March 2006, 3 January 2007, 31 March 2007 and 31 March 2008 in the Restated Financial Information. Further the accumulated profit and loss balance as at 1 April 2004 has been appropriately adjusted to reflect the impact of the change pertaining to periods ended on or before 31 March 2004.

ii) Preliminary expenses

During the year ended 31 March 2008, the Company has changed its accounting policy in respect of preliminary expenses to comply with Accounting Standard (AS)-26 "Intangible Assets", which is now fully written off instead of amortising over the period of five years up to 31 March 2007. Accordingly, adjustment has been carried out for the period ended 31 March 2007 and 3 January 2007 in which these expenses were incurred.

iii) Depreciation

Till 3 January 2007, while the Company was a partnership firm, depreciation was charged at the rates and in the manner specified in the Income Tax Act, 1961. After conversion in to a company under Part IX of The Companies Act, 1956 w.e.f. 4 January 2007, the Company has charged depreciation at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

Adjustment on this account has not been carried out prior to financial year ended 31 March 2002 and written down value as on 01 April 2002 has been considered for depreciation calculation for the financial year ended 31 March 2003 and onwards. Accordingly, adjustment has been carried out for the purpose of this Restated Financial Information.

iv) Profit / (loss) on sale of fixed assets

Till 3 January 2007, while the Company was a partnership firm, profit /(loss) on sale of fixed assets was not determined and amount realized for sale of fixed assets was reduced from block of fixed assets in accordance with provisions under Income Tax. After conversion into a company under Part IX of The Companies Act, 1956 w.e.f 4 January 2007, profit / (loss) on sale of fixed assets is accounted separately in Profit and Loss Account. Accordingly, adjustment has been carried out for the earlier year/period.

v) Dividend income

Till 3 January 2007, while the Company was a partnership firm, Dividend Income from subsidiaries was credited directly to a Partner Capital Account. After conversion into a company under Part IX of The Companies Act, 1956 w.e.f. 4 January 2007, Dividend income is accounted as "Other Income". Accordingly, adjustment has been carried out for the earlier year/period.

vi) Current tax expenses

No provision for income tax was made in the books of account of the firm for the year ended 31 March 2005. Accordingly provision for income tax has been made for the year on the basis of return of income filed by the company for the said year.

vii) Fringe benefit tax expenses

No provision for fringe benefit tax was made in the accounts of the firm till 3 January 2007. Accordingly provision for fringe benefit tax has been made for earlier year/period on the basis of rates applicable to the company for the respective year/period.

viii) Deferred tax expenses

Deferred tax was not accounted upto the financial period ended 3 January 2007 in the books of the partnership firm. Accordingly, adjustment has been carried out for the earlier year/period.

b) Material adjustments relating to previous year/period

i) Prior period items

The Company recorded prior period expenses during year ended 31 March 2008 the effect of these items have been adjusted in the respective periods of origination.

ii) Tax adjustments of earlier years

The Company records tax adjustments of earlier years on completion of assessments made by the Income tax authorities and any difference is recorded as 'prior year tax adjustments' in the financial statements. Accordingly, the effect of these items has been adjusted in the period to which the tax was related in the Restated Summary Statement of Profits and Loss Account.

iii) Tax impact on account of adjustments

The Restated Summary Statement of Profits and Loss Account has been adjusted for tax impact on account of adjustments for respective years.

iv) Adjustment to revalued fixed assets

Prior to its conversion, the Partnership firm had revalued certain class of its fixed assets as at 1 April 2006 on the basis of valuation done by an approved valuer. The net difference between the written down value ('WDV') as per books and revalued value was Rs.306.55 million which had been added to the WDV of the fixed assets as at 1 April 2006 with corresponding credit to the Partners Capital Account, which was not in accordance with Accounting Standard (AS)-10 "Accounting for Fixed Assets". For the purpose of this Restated Financial Information, the amount added to fixed assets on revaluation has been reversed with corresponding debit to the Partners Capital Account.

c) Material regroupings

i) Upto 31 March 2007, exchange rate differences arising on transactions relating to imports and year end restatement of creditors in foreign currency was included under in 'Purchases'. Similarly exchange rate differences on transactions relating to export sales and year end restatement of debtors in foreign currency was included in 'Sales'. During the year/period ended 31 March 2008, 31 March 2009 and 30 September 2009, exchange rate difference arising on transactions in foreign currency has been disclosed separately as 'Exchange rate difference (net)' grouped under 'Other Income' or 'Manufacturing and Other Expenses' as the case may be. Accordingly, the figures of previous year/period have been regrouped/ rearranged.

ii) Upto 31 March 2006 the Company used to account only net profit/(loss) from its US Branch. For the purpose of Restated Summary Statement of Assets and Liabilities and Restated Summary Statement of Profit and Loss Account, operation of US Branch has been included on line by line items basis.

iii) Upto 31 March 2007, capital advances was disclosed under the head Loans and Advances. During the year/period ended 31 March 2008, 31 March 2009 and 30 September 2009 capital advances have been regrouped and included in "Capital Work-in-progress/ Advances" under "Fixed Assets". Accordingly, figures of previous year/period have been regrouped / rearranged.

d) Non-Adjustments of Auditors' Qualifications

No adjustment has been made in the Restated Summary Statement of Assets and Liabilities and Restated Summary Statement of Profit and Loss Account, to remove qualification in auditors' report for the financial year/period ended 31 March 2007, 31 March 2008, 31 March 2009, 30 September 2009 and change in accounting policy required in those year/period to comply with the Accounting Standard (AS)-2 "Valuation of Inventories".

iii. NOTES TO RESTATED FINANCIAL INFORMATION

1. Contingent liabilities:

Contingent liabilities is shown separately in **Annexure 'XI'**

2. Valuation of inventories

In respect of the stock of finished goods (polished diamonds), cost is based on technical estimate by the management. In view of the nature of variation in the value of individual diamonds, the differentials in their costs, it is not practical to compute the cost of polished diamonds using either FIFO or weighted average cost. In view of the multiple grades, it is not practical to use specific cost. The basis of computing cost used, to avoid distortion in valuation, is to that extent a deviation from that prescribed by Accounting Standard (AS)-2 'Valuation of Inventories'.

The impact on profit for the year/period ended 31 March 2005, 31 March 2006, 3 January 2007, 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009, inventories and reserves and surplus as at 31 March 2005, 31 March 2006, 3 January 2007, 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009 due to the above deviations is not ascertainable.

3. In respect of fixed assets, gross block and related accumulated depreciation has not been disclosed, as prior to its conversion, the Company was partnership firm, when fixed assets were maintained / depreciated in accordance with Income Tax regulation and as such details of gross block and accumulated depreciation are not available with the Company. This is not in conformity with the requirement of the Accounting Standard (AS)-6 'Depreciation Accounting' and Accounting Standard (AS)-10 'Accounting for Fixed Assets'. However, it has no impact on the profit for the year/period ended 31 March 2005, 31 March 2006, 3 January 2007, 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009, and reserves and surplus as at 31 March 2005, 31 March 2006, 3 January 2007, 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009.

4. Fixed assets (Building) written down value include Rs.33.05 million as at 3 January 2007, Rs.34.90 million as at 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009 (amount paid) representing Company's interest in respect of immovable property being developed by Bharat Diamond Bourse. No depreciation is charged on this amount during the year/period ended 3 January 2007, 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009 as the premises are still not ready for intended use.

5. During the year/period ended 31 March 2008, 31 March 2009 and 30 September 2009, the Company has incurred expenses amounting to Rs.5.50 million, Rs.9.25 million and Rs.2.91 millions towards proposed IPO which are classified as "Proposed Public Issue Expenses" and included in 'Advances recoverable in cash or in kind or for value to be received' under the head 'Loans and Advances' in the financial statements. These expenses of Rs.17.66 millions would be adjusted against the securities premium account on completion of the public issue.

6. The management based on their review of assets and operation of the Company has determined that there is no indication of potential impairment and that the recoverable amount of any of its fixed assets is not lower than its carrying amount.

7. Related party disclosure

The related party relationships have been determined on the basis of the requirements of the Accounting Standard (AS)-18 'Related Party Disclosures' and the same have been relied upon by the auditors.

Name of the related party disclosed are those related parties with whom transactions have taken place during the period, except where control exist, in which case the relationships have been mentioned irrespective of transactions with the related party.

Details of related party transactions are given in **Annexure XII**.

8. Segment information

The Company has only one business segment viz. Gems and Jewellery, which is being considered as the primary segment. The financial information about business segment is not applicable since segment results / revenue / assets of the wind mill business are not more than 10 percent of the combined business results / revenue / assets. The information regarding the secondary segment, i.e. 'geographical segments' is given separately in **Annexure XIII**.

9. The remuneration paid/payable to directors for the year/period ended 31 March 2008, 31 March 2009 and 30 September 2009 is Rs.2.79 millions, Rs.11.16 millions and Rs. 5.58 millions respectively.

10. On 23 May 2007 a survey was carried on by the Assistant Director / Assistant Commissioner of Income Tax, Mumbai at the Mumbai offices of the Company. Physical verification of stock of

polished diamonds was carried out and excess stock of 1,352.63 carats was found as compared to book stock. Since polished diamonds stock were lying at different locations and in different packets immediate reconciliation was not possible and to buy peace an amount of Rs.20,289,450 being value of excess stock was voluntarily offered as income for the year ended 31 March 2008.

11. The Company has not received any information from its suppliers regarding their registration under the 'Micro, Small and Medium Enterprises Development Act, 2006'. Hence interest if any payable as required under Act has not been provided and the information required to be given in accordance with Section 22 of the said Act, is not ascertainable and hence, not disclosed.

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - V : Statement of Restated Investments

(Rs. in millions)

Particulars	As at 30-Sep-09	As at 31-Mar-09	As at 31-Mar-08	As at 31-Mar-07	As at 03-Jan-07	As at 31-Mar-06	As at 31-Mar-05
(Trade, Unquoted and Long-term) Investment in Subsidiaries							
1,750,000 Equity Shares of Rs.10 each fully paid up in Ciemme Jewels Limited (formerly Ciemme Jewels Pvt. Ltd.)	-	-	-	-	-	-	17.50
112,800 (upto 31.03.2007 - 100,000) Equity Shares of Rs.10 each fully paid up in C.Mahendra International Limited	20.13	20.13	20.13	20.00	20.00	20.00	20.00
87 (upto 31.03.2007 - 26) Equity Shares of EURO 186 each fully paid up in C. Mahendra BVBA	161.70	161.70	161.70	0.28	0.28	0.28	0.28
Total	**181.83**	**181.83**	**181.83**	**20.28**	**20.28**	**20.28**	**37.78**

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - VI : Statements of Restated Sundry Debtors

(Rs. in millions)

	Particulars	As at 30-Sep-09	As at 31-Mar-09	As at 31-Mar-08	As at 31-Mar-07	As at 03-Jan-07	As at 31-Mar-06	As at 31-Mar-05
	(Unsecured, considered good unless otherwise stated)							
A.	Debt outstanding for a period exceeding six months	4,973.25	4,799.02	3,145.66	977.85	2,364.00	467.71	490.19
B.	Other debts	5,983.77	5,721.20	4,409.58	4,770.68	3,150.89	3,468.28	2,627.88
	Total (A+B)	**10,957.02**	**10,520.22**	**7,555.24**	**5,748.53**	**5,514.89**	**3,935.99**	**3,118.07**
	Includes:							
	Receivables from subsidiaries							
	C. Mahendra BVBA	268.47	433.28	106.56	310.72	225.02	166.78	111.56
	C. Mahendra Exports H.K. Ltd	798.38	972.61	1,005.29	1,044.69	849.55	776.96	808.24
	C. Mahendra NY LLC	3,267.67	3,345.32	1,897.14	1,538.08	1,312.51	839.99	-
	Ciemme Jewels Ltd.	364.00	321.88	103.26	296.56	307.93	80.70	-
	C. Mahendra Infojewels	-	-	-	-	-	8.04	0.86
	Total	**4,698.52**	**5,073.09**	**3,112.25**	**3,190.05**	**2,695.01**	**1,872.47**	**920.66**

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - VII : Statement of Restated Loans and Advances

(Rs. in millions)

Particulars	As at 30-Sep-09	As at 31-Mar-09	As at 31-Mar-08	As at 31-Mar-07	As at 03-Jan-07	As at 31-Mar-06	As at 31-Mar-05
(Unsecured and considered good, unless otherwise stated)							
Loans and advances							
Loans and advances to subsidiaries:							
- C. Mahendra BVBA	-	-	-	-	-	-	0.47
- C. Mahendra International Ltd.	-	-	-	-	-	0.05	-
- Ciemme Jewels Ltd.	0.20	0.20	-	0.50	-	-	-
Loans to staffs	3.95	3.63	4.93	6.62	6.86	3.57	1.41
Loans to others	-	-	-	-	-	0.11	-
Advances recoverable in cash or in kind or for value to be received	106.57	107.21	51.68	47.41	43.71	63.86	32.10
Deposits with Government, Public Bodies, etc.	34.38	34.62	34.50	34.69	34.18	33.58	4.47
MAT credit entitlement	62.48	61.68	51.68	5.68	-	-	-
Taxes paid (Advance tax and TDS receivable)	275.94	275.17	240.32	195.88	188.03	177.62	192.34
Fringe benefit tax paid	3.99	3.76	2.51	2.01	1.60	1.14	-
Total	**487.51**	**486.27**	**385.62**	**292.79**	**274.38**	**279.93**	**230.79**

Notes:

Loans to subsidiaries and staff are interest free and short term in the nature.

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - VIII : Statement of Restated Secured Loans

(Rs. in millions)

Particulars	As at 30-Sep-09	As at 31-Mar-09	As at 31-Mar-08	As at 31-Mar-07	As at 03-Jan-07	As at 31-Mar-06	As at 31-Mar-05
Short term working capital loans from banks	8,055.17	8,192.14	6,556.95	5,274.30	5,344.44	4,572.85	3,147.29
Interest accrued and due on the above	13.40	14.89	2.68	0.89	6.70	3.27	0.84
Demand loans from bank	23.00	-	-	154.25	-	-	-
Interest accrued and due on the above	0.64	-	-	-	-	-	-
Long term loans from banks	288.75	351.38	431.88	359.38	519.85	-	-
Interest accrued and due on the above	2.76	6.19	4.16	6.26	3.11	-	-
Total	**8,383.72**	**8,564.60**	**6,995.67**	**5,795.08**	**5,874.10**	**4,576.12**	**3,148.13**

Notes:

Working capital loans are secured by hypothecation of whole of the current assets of the Company consisting of stocks, bills, receivable, book debts, moveable plant & machinery and other moveables as well as the equitable mortgage of various properties including land & building in the name of the Company, directors, relatives and associate companies and lien on fixed deposits with the bank and keyman insurance policies and deposits with Bharat Diamond Bourse.

Term loans are secured by hypothecation of plant and machinery, book debts and other moveable assets, equitable mortgage of land on which Windmill projects are errected and personal guarantee of directors, relatives and corporate guarantee of associate companies.

Demand loans are secured by personal gurantee of directors and their relatives.

Details of secured loans from banks as at 30 September 2009 is as under:

Particulars	**As at 30-Sep-09**
Working capital loans:	
Bank of Baroda	1,037.99
Bank of India	791.54
Canara Bank	497.76
Central Bank of India	654.85
Corporation Bank	588.69
HDFC Bank	552.04
Indian Bank	380.10
Indusind Bank	299.13
Punjab National Bank	350.77
State Bank of Bikaner and Jaipur	479.80
State Bank of India	447.48
State Bank of Indore	867.14
State Bank of Mysore	381.99
State Bank of Patiala	354.03
State Bank of Travancore	352.13
Notional exchange difference	19.73
Total	**8,055.17**
Demand loans:	
Canara Bank	23.00
Total	**23.00**

Particulars	As at 30-Sep-09	Sanction amount, Rate of interest and other terms	Security	Repayment
Term loans:				
Bank of India	187.50	Sanction amount: Rs.375 millions or equivalent in foreign currency. Rate of interest: Foreign currency loan at 6M LIBOR + 300 bps subject to, FCL to be rolled over every six months and continuation of FCL subject to availability of US Dollar funds, spread to be reviewed at the time of rollover, firm to obtain forward cover to hedge foreign currency exposure. Interest to be serviced on monthly basis during currency of the loan.	Hypothecation of plant and machineries (8 wind mills), equitable mortgage of land on which Wind Mill project is proposed to be errected and personal guarantee of partners, and relatives.	In 24 quarterly installments of Rs.15.625 millions, or equivalent foreign currency, with initial moratorium of 6 months, commencing from December 2006 and every quarter thereafter.
Central Bank of India	101.25	Sanction amount: Rs.135 millions. Rate of interest: BPLR minus 1%	Hypothecation of machinery - 2 Wind Turbine Generators for which term loan is allowed, situated at Location No. M-434 at Village Moti Sindhodi, Dist. Kutch, Gujarat and Location No. M-437 at Village Rapargadh, Dist. Kutch, Gujarat and personal guarantee of directors, relatives and corporate guarantee of associate companies.	60 equal monthly installments of Rs.2.25 millions. Monthly interest to be serviced then and there. Initial moratorium period - 6 months (Door to Door 66 months).
Total	**288.75**			

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - IX : Statement of Restated Unsecured Loans

(Rs. in millions)

Particulars	As at 30-Sep-09	As at 31-Mar-09	As at 31-Mar-08	As at 31-Mar-07	As at 03-Jan-07	As at 31-Mar-06	As at 31-Mar-05
From Directors*	453.52	449.10	721.20	783.32	-	-	-
From Shareholders / Partners*	915.96	914.09	655.69	661.27	2,456.92	118.57	118.57
From Relatives of directors /shareholders	43.60	44.58	82.04	81.82	83.56	45.42	32.88
Total	**1,413.08**	**1,407.77**	**1,458.93**	**1,526.41**	**2,540.48**	**163.99**	**151.45**

* The loans are interest free.
The above loans have no fixed repayment schedule.

Details of unsecurred loans as at 30 September 2009 is as under:

Particulars	**As at 30/09/2009**
From Directors	
Champak K. Mehta	166.46
Mahendra C. Shah	205.04
Sandeep M Shah	82.02
Total	**453.52**
From Shareholders / Partners	
Kanu C. Shah	159.41
Paras C. Mehta	64.79
Prakash K. Mehta	307.72
Pravin C. Shah	226.44
Pravin K. Mehta	107.33
Suken P. Shah	(0.67)
Suresh K. Mehta	65.60
Kevin P.Mehta	(0.64)
Samir P Shah	(14.02)
Total	**915.96**
Sadhna S. Mehta	0.24
Krupa Shah	0.36
Alka K.Shah	14.09
C.K. Shah (HUF)	0.03
Champak K.Mehta (HUF)	0.04
Dipika C. Mehta	0.27
Hansa P. Mehta	0.36
Hemali J. Shah	2.01
Jignesh M.Shah	9.11
Kanu C.Shah (HUF)	0.02
Mahendra C.Shah (HUF)	-
Monghiben C. Shah	5.18
Nayna P. Mehta	9.55
Pravin C. Shah (HUF)	0.01
Rasilaben M. Shah	0.42
Sweety P. Shah	0.05
Vikram M. Shah	1.86
Master Abishek S. Mehta	-
Master Meet K. Shah	-
Master Parth K. Shah	-
Master Utsav P. Mehta	-
Total	**43.60**

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - X : Statement of Restated Other Income

(Rs. in millions)

Particulars	Period ended 30-Sep-09	Year ended 31-Mar-09	Year ended 31-Mar-08	Period ended 31-Mar-07	Period ended 03-Jan-07	Year ended 31-Mar-06	Year ended 31-Mar-05
Recurring:							
Interest on loans and deposits	4.37	10.68	8.29	2.15	3.88	5.20	4.97
Exchange difference (net) #	-	101.48	-	0.24	-	23.87	93.22
Sub-total	**4.37**	**112.16**	**8.29**	**2.39**	**3.88**	**29.07**	**98.19**
Non recurring:							
Sales tax refund	-	-	0.47	0.21	0.02	-	-
Stock disclosed during income tax survey (refer paragraph iii (10) in Annexure IV)	-	-	20.29	-	-	-	-
Dividend from subsidiary company	-	-	0.20	-	0.20	0.10	-
Commission and brokerage received	-	-	-	-	0.02	3.73	7.63
Profit on sale of fixed assets (net)	-	0.21	-	-	-	0.23	4.02
Licence premium received	-	-	-	-	-	1.02	0.38
Compensation received	-	-	-	-	1.21	-	-
Miscellaneous income	0.35	0.80	1.48	0.02	0.02	-	0.11
Sub-total	**0.35**	**1.01**	**22.44**	**0.23**	**1.47**	**5.08**	**12.14**
Total	**4.72**	**113.17**	**30.73**	**2.62**	**5.35**	**34.15**	**110.33**

 # Exchange difference (net) represent net gain arising during the year/period on foreign currency transactions entered by the Company in the normal course of its business and depending upon movement in exchange rate, volume of foreign currency transactions, the Company may have exchange gain/(loss) in future period.

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - XI : Statement of Restated Contingent Liabilities

(Rs. in millions)

Particulars	As at 30-Sep-09	As at 31-Mar-09	As at 31-Mar-08	As at 31-Mar-07	As at 03-Jan-07	As at 31-Mar-06	As at 31-Mar-05
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	13.22	15.07	55.75	-	-	-	-
Guarantee given to banks in respect of credit facilities sanctioned to group concern in which directors/ partners are interested as directors/partners	-	-	223.12	300.00	356.90	342.50	200.00
Guarantee given to banks in respect of credit facilities sanctioned to subsidiary company	240.45	255.00	200.10	-	-	-	-
Bond executed in favour of The President of India for manufacture of goods for export out of India	10.00	20.00	20.00	-	-	-	-
Bank guarantee given to bank in favour of the President of India towards provisional release of seized goods	-	-	-	7.66	-	-	-
Bond executed in favour of The President of India towards provisional release of seized goods	30.62	30.62	30.62	30.62	-	-	-
Disputed income tax liabilities	0.45	-	-	2.64	-	-	-
Disputed penalty under Custom Act	11.00	11.00	11.00	-	-	-	-
Disputed Service tax liabilities	0.24	0.24	0.24	-	-	-	-
Total	**305.98**	**331.93**	**540.83**	**340.92**	**356.90**	**342.50**	**200.00**

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - XII : Statement of Restated Related Party Transactions

(Rs. in millions)

Particulars	Nature of relationship	Period ended 30-Sep-09	Year ended 31-Mar-09	Year ended 31-Mar-08	Period ended 31-Mar-07	Period ended 03-Jan-07	Year ended 31-Mar-06	Year ended 31-Mar-05
Sale of polished diamonds								
C. Mahendra BVBA	Subsidiary (w.e.f. 14.05.2004)	0.84	34.17	138.13	144.35	125.27	182.45	241.36
C. Mahendra Exports (HK) Ltd.	Subsidiary	570.85	2,057.37	1,985.42	650.52	1,315.18	2,205.59	1,012.16
C. Mahendra Infojewels	Subsidiary (w.e.f. 01.09.2004 - upto 31.12.2008)	-	-	-	-	1.18	180.17	193.81
C. Mahendra NY LLC	Subsidiary	477.34	2,511.57	2,468.31	583.10	1,165.49	1,139.54	-
Ciemme Jewels Ltd.	Subsidiary	83.31	538.65	343.45	31.73	397.84	203.30	93.86
	Total	**1,132.34**	**5,141.76**	**4,935.31**	**1,409.70**	**3,004.96**	**3,911.05**	**1,541.19**
Sale of rough diamonds								
C. Mahendra BVBA	Subsidiary (w.e.f. 14.05.2004)	107.10	509.80	54.53	0.98	11.54	-	-
	Total	**107.10**	**509.80**	**54.53**	**0.98**	**11.54**	**-**	**-**
Purchases of polished diamonds								
C. Mahendra BVBA	Subsidiary (w.e.f. 14.05.2004)	35.92	32.14	7.57	7.62	93.70	-	-
C. Mahendra Exports (HK) Ltd.	Subsidiary	173.19	542.64	63.38	-	-	31.39	34.12
C. Mahendra NY LLC	Subsidiary	172.75	1,027.36	819.15	45.28	166.91	2.86	-
	Total	**381.86**	**1,602.14**	**890.10**	**52.90**	**260.61**	**34.25**	**34.12**
Purchases of rough diamond								
C. M. Gems BVBA	Enterprises in which relatives of key management have significant influence	-	-	-	-	-	-	10.14
C. Mahendra BVBA	Subsidiary (w.e.f. 14.05.2004)	180.71	330.91	671.11	242.47	455.79	613.57	568.02
C. Mahendra Exports (HK) Ltd.	Subsidiary	-	74.45	16.03	-	-	-	-
C. Mahendra International Ltd.	Subsidiary	-	-	0.18	-	-	-	-
	Total	**180.71**	**405.36**	**687.32**	**242.47**	**455.79**	**613.57**	**578.16**
Rent expenses								
Allright Trading Pvt. Ltd.	Enterprises in which key management personnel have significant influence (upto 03.02.2008)	-	-	0.24	0.06	0.18	-	-
Allright Trading Pvt. Ltd.	Enterprises in which relatives of key management have significant influence (w.e.f. 04.02.2008)	0.12	0.24	-	-	-	-	-
Ashesha Trading Pvt. Ltd.	Enterprises in which key management personnel have significant influence	0.12	0.24	0.24	0.06	0.18	-	-
Polo Developers Pvt. Ltd.	Enterprises in which key management personnel have significant influence	0.12	0.24	0.24	0.06	0.18	-	-
	Total	**0.36**	**0.72**	**0.72**	**0.18**	**0.54**	**-**	**-**
Interest expenses								
Alka K. Shah	Relative of key management personnel	0.15	0.31	0.31	0.07	0.24	-	0.03
C. K. Shah (HUF)	Enterprises in which key management personnel have significant influence (upto 03.02.2008)	-	-	0.04	0.01	0.03	0.06	0.07
C. K. Shah (HUF)	Enterprises in which relatives of key management have significant influence (w.e.f. 04.02.2008)	-	0.03	-	-	-	-	-
Champak K. Mehta (HUF)	Enterprises in which key management personnel have significant influence	-	0.05	0.05	0.01	0.03	0.02	0.05
Dipika C. Mehta	Relative of key management personnel	0.01	0.01	0.02	0.01	0.03	0.06	0.13
Hansa P. Mehta	Relative of key management personnel	0.02	0.01	0.01	0.01	-	-	-
Hemali J. Shah	Relative of key management personnel	0.12	0.22	0.21	0.05	0.15	-	-
Kanu C. Shah (HUF)	Enterprises in which key management personnel have significant influence (upto 03.02.2008)	-	-	0.02	-	0.02	0.02	0.02
Kanu C. Shah (HUF)	Enterprises in which relatives of key management have significant influence (w.e.f. 04.02.2008)	-	0.02	-	-	-	-	-
Krupa S. Shah	Relative of key management personnel	0.02	-	-	-	-	-	-
Mahendra C. Shah (HUF)	Enterprises in which key management personnel have significant influence	-	-	-	-	-	-	-
Nayna P. Mehta	Relative of key management personnel	0.18	0.36	0.35	0.08	0.27	-	0.14
Pravin C. Shah (HUF)	Enterprises in which key management personnel have significant influence (upto 03.02.2008)	-	-	0.01	-	0.01	0.01	0.01
Pravin C. Shah (HUF)	Enterprises in which relatives of key management have significant influence (w.e.f. 04.02.2008)	-	0.01	-	-	-	-	-
Rasilaben M. Shah	Relative of key management personnel	0.02	0.01	-	0.01	0.02	0.02	0.12
Sweety P. Shah	Relative of key management personnel (upto 03.02.2008)	-	-	0.05	0.01	0.04	0.05	0.02
Vimlaben K. Mehta	Relative of key management personnel	-	0.01	0.01	-	-	0.01	0.02
	Total	**0.52**	**1.04**	**1.08**	**0.26**	**0.84**	**0.25**	**0.61**

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - XII : Statement of Restated Related Party Transactions

(Rs. in millions)

Particulars	Nature of relationship	Period ended 30-Sep-09	Year ended 31-Mar-09	Year ended 31-Mar-08	Period ended 31-Mar-07	Period ended 03-Jan-07	Year ended 31-Mar-06	Year ended 31-Mar-05
Interest income								
C. Mahendra BVBA	Subsidiary (w.e.f. 14.05.2004)	-	-	-	-	-	-	0.47
	Total	**-**	**-**	**-**	**-**	**-**	**-**	**0.47**
Dividend received								
C. Mahendra International Ltd.	Subsidiary	-	-	0.20	-	0.20	0.10	-
	Total	**-**	**-**	**0.20**	**-**	**0.20**	**0.10**	**-**
Reimbursement of expenses incurred								
C. Mahendra Infojewels	Subsidiary (w.e.f. 01.09.2004) (upto 31.12.2008)	-	0.32	0.41	-	-	-	-
C. Mahendra International Ltd.	Subsidiary	0.01	0.08	0.07	-	-	-	-
Ciemme Jewels Ltd.	Subsidiary	-	0.65	0.37	-	-	-	-
	Total	**0.01**	**1.05**	**0.85**	**-**	**-**	**-**	**-**
Purchase of shares								
Champak K. Mehta	Key management personnel / Partner Key	-	-	0.06	-	-	-	-
Mahendra C. Shah	management personnel / Partner Relative	-	-	0.06	-	-	-	-
Prakash K. Mehta	of key management personnel (w.e.f. 04.01.2007)	-	-	161.42	-	-	-	-
	Total	**-**	**-**	**161.54**	**-**	**-**	**-**	**-**
Labour charges paid C. Mahendra Diamonds Manufacturing Private Ltd.	Enterprises in which key management personnel have significant influence	-	-	-	-	-	-	50.62
	Total	**-**	**-**	**-**	**-**	**-**	**-**	**50.62**
Investments made								
C. Mahendra BVBA	Subsidiary (w.e.f. 14.05.2004)	-	-	-	-	-	-	0.28
C. Mahendra International Ltd.	Subsidiary	-	-	-	-	-	-	-
	Total	**-**	**-**	**-**	**-**	**-**	**-**	**0.28**
Sale of investments								
Ciemme Jewels Ltd.	Subsidiary	-	-	-	-	-	17.50	-
	Total	**-**	**-**	**-**	**-**	**-**	**17.50**	**-**
Salary, bonus and allowance								
Champak K. Mehta	Key management personnel / Partner Key	2.10	4.20	1.05	-	-	-	-
Mahendra C. Shah	management personnel / Partner Key	2.16	4.32	1.08	-	-	-	-
Sandeep M. Shah	management personnel / Partner Relative	1.32	2.64	0.66	-	-	-	-
Kanu C. Shah	of key management personnel (w.e.f. 04.01.2007)	2.16	4.32	-	-	-	-	-
	Total	**7.74**	**15.48**	**2.79**	**-**	**-**	**-**	**-**

Loans taken								
Alka K. Shah	Relative of key management personnel	-	-	-	0.75	-	4.06	9.94
Champak K. Mehta	Key management personnel / Partner	3.44	54.62	100.17	9.85	424.70	-	8.85
Ciemme Jewels Ltd.	Subsidiary	-	-	-	-	-	-	0.25
Dipika C. Mehta	Relative of key management personnel	-	0.24	-	-	0.10	0.19	-
Hansa P. Mehta	Relative of key management personnel	-	0.36	-	-	0.25	0.66	-
Hemali J. Shah	Relative of key management personnel	-	-	-	-	-	2.20	-
Jignesh M. Shah	Relative of key management personnel (w.e.f. 01.07.2005)	-	-	-	-	-	182.09	-
Kanu C. Shah	Key management personnel / partner (upto 03.01.2007)	-	-	-	-	224.33	-	-
Kanu C. Shah	Relative of key management personnel (w.e.f. 04.01.2007)	7.08	26.03	20.44	0.14	-	-	-
Kevin P. Mehta	Relative of key management personnel (upto 31.03.2006)	-	-	-	-	-	-	0.26
Kevin P. Mehta	Key management personnel / partner (upto 03.01.2007)	-	-	-	-	10.39	-	-
Kevin P. Mehta	Relative of key management personnel (w.e.f. 04.01.2007)	-	-	-	12.51	-	-	-
Krupa S. Shah	Relative of key management personnel	-	0.36	-	-	-	-	-
Mahendra C. Shah	Key management personnel / Partner	39.31	23.41	20.29	4.65	521.61	-	8.90
Master Abhishek S. Mehta	Relative of key management personnel (upto 03.02.2008)	-	-	-	0.01	9.27	-	-
Master Meet K.Shah Master	Relative of key management personnel (upto 03.02.2008)	-	-	-	0.01	9.27	-	-
Parth K.Shah	Relative of key management personnel (upto 03.02.2008)	-	-	-	0.01	9.27	-	-
Master Utsav Pravin Mehta	Relative of key management personnel (upto 03.02.2008)	-	-	-	0.01	9.27	-	-
Nayna P. Mehta	Relative of key management personnel	-	-	-	0.75	0.10	0.11	-

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - XII : Statement of Restated Related Party Transactions

(Rs. in millions)

Particulars	Nature of relationship	Period ended 30-Sep-09	Year ended 31-Mar-09	Year ended 31-Mar-08	Period ended 31-Mar-07	Period ended 03-Jan-07	Year ended 31-Mar-06	Year ended 31-Mar-05
Paras C. Mehta	Key management personnel / partner (upto 03.01.2007)	-	-	-	-	165.74	-	-
Paras C. Mehta	Relative of key management personnel (w.e.f. 04.01.2007)	0.25	0.46	-	0.10	-	-	-
Prakash K. Mehta	Key management personnel / partner (upto 03.01.2007)	-	-	-	-	459.59	-	10.00
Prakash K. Mehta	Relative of key management personnel (w.e.f. 04.01.2007)	0.80	12.91	2.00	0.33	-	-	-
Pravin C. Shah	Key management personnel / partner (upto 03.02.2008)	-	-	65.33	0.15	320.88	-	-
Pravin C. Shah	Relative of key management personnel (w.e.f. 04.02.2008)	2.20	93.92	-	-	-	-	-
Pravin K. Mehta	Key management personnel / partner (upto 03.02.2008)	-	-	1.10	0.12	250.28	-	-
Pravin K. Mehta	Relative of key management personnel (w.e.f. 04.02.2008)	-	10.66	-	-	-	-	-
Ramila P. Shah	Relative of key management personnel	-	-	-	-	-	-	5.86
Rasilaben M. Shah	Relative of key management personnel	0.10	0.36	-	-	-	0.85	-
Sadhana S. Mehta	Relative of key management personnel	-	0.24	-	-	0.40	-	-
Samir P. Shah	Key management personnel / partner (upto 03.01.2007)	-	-	-	-	95.59	-	-
Samir P. Shah	Relative of key management personnel (w.e.f. 04.01.2007) (upto 03.02.2008) Key	-	-	3.46	30.08	-	-	-
Sandeep M. Shah	management personnel / Partner Key	0.50	1.95	4.35	45.11	136.83	-	-
Suken P. Shah	management personnel / partner (upto 03.01.2007)	-	-	-	-	8.60	-	-
Suken P. Shah	Relative of key management personnel (w.e.f. 04.01.2007) (upto 03.02.2008) Key	-	-	3.94	17.36	-	-	-
Suresh K. Mehta	management personnel / partner (upto 03.01.2007)	-	-	-	-	133.57	-	-
Suresh K. Mehta	Relative of key management personnel (w.e.f. 04.01.2007)	1.00	11.20	12.01	23.47	-	-	-
Sweety P. Shah	Relative of key management personnel (Upto 03.02.2008)	-	-	-	-	-	-	0.50
	Total	**54.68**	**236.72**	**233.09**	**145.41**	**2,790.04**	**190.16**	**44.56**

Loan repaid								
Alka K. Shah	Relative of key management personnel	0.15	0.21	0.05	0.87	0.02	0.20	0.07
C. K. Shah (HUF)	Enterprises in which key management personnel have significant influence (upto 03.02.2008)	-	-	0.03	0.03	-	0.30	-
C. K. Shah (HUF)	Enterprises in which relatives of key management have significant influence (w.e.f. 04.02.2008)	-	0.43	-	-	-	-	-
Champak K. Mehta	Key management personnel / Partner	17.60	67.60	175.59	115.48	-	-	0.01
Champak K. Mehta (HUF)	Enterprises in which key management personnel have significant influence	-	0.53	0.02	0.02	-	0.02	-
Ciemme Jewels Ltd.	Subsidiary	-	-	-	-	-	-	0.25
Dipika C. Mehta	Relative of key management personnel	-	0.12	0.14	0.22	0.10	0.70	0.38
Hansa P. Mehta	Relative of key management personnel	-	0.07	-	-	0.25	0.60	-
Hemali J. Shah	Relative of key management personnel	0.59	0.07	0.05	-	0.02	0.05	-
Jignesh M. Shah	Relative of key management personnel (w.e.f. 01.07.2005)	-	0.08	0.19	0.20	-	172.05	-
Kanu C. Shah	Relative of key management personnel (w.e.f. 04.01.2007)	1.52	11.41	12.89	121.47	-	-	-
Kanu C. Shah (HUF)	Enterprises in which key management personnel have significant influence (upto 03.02.2008)	-	-	0.02	0.02	-	0.01	0.01
Kanu C. Shah (HUF)	Enterprises in which relatives of key management have significant influence (w.e.f. 04.02.2008)	-	0.22	-	-	-	-	-
Kevin P. Mehta	Relative of key management personnel (w.e.f. 31.03.2006)	-	-	-	-	-	0.06	-
Kevin P. Mehta	Key management personnel / partner (upto 03.01.2007)	-	-	-	-	0.20	-	-
Kevin P. Mehta	Relative of key management personnel (w.e.f. 04.01.2007)	-	-	0.54	10.07	-	-	-
Mahendra C. Shah	Key management personnel / Partner	20.90	30.58	16.43	261.94	-	-	-
Mahendra C. Shah (HUF)	Enterprises in which key management personnel have significant influence	-	0.02	0.01	0.01	-	0.01	0.01
Monghiben C. Shah	Relative of key management personnel	-	-	-	0.30	0.10	-	-
Nayna P. Mehta	Relative of key management personnel	0.15	0.38	0.03	0.91	0.13	0.39	1.86
Paras C. Mehta	Relative of key management personnel (w.e.f. 04.01.2007)	0.82	1.70	6.69	70.58	-	-	-
Prakash K. Mehta Prakash	Relative of key management personnel (w.e.f. 04.01.2007)	1.00	2.61	10.69	105.26	-	-	-
K. Mehta (HUF) Pravin C.	Enterprises in which key management personnel have significant influence Key	-	-	-	-	-	-	0.05
Shah	management personnel / partner (upto 03.02.2008)	-	-	45.95	147.55	-	-	-
Pravin C. Shah	Relative of key management personnel (w.e.f. 04.02.2008)	2.58	15.07	-	-	-	-	-

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - XII : Statement of Restated Related Party Transactions

(Rs. in millions)

Particulars	Nature of relationship	Period ended 30-Sep-09	Year ended 31-Mar-09	Year ended 31-Mar-08	Period ended 31-Mar-07	Period ended 03-Jan-07	Year ended 31-Mar-06	Year ended 31-Mar-05
Pravin C. Shah (HUF)	Enterprises in which key management personnel have significant influence (upto 03.02.2008)	-	-	0.01	0.01	-	0.01	0.02
Pravin C. Shah (HUF)	Enterprises in which relatives of key management have significant influence (w.e.f. 04.02.2008)	-	0.08	-	-	-	-	-
Pravin K. Mehta	Key management personnel / partner (upto 03.02.2008)	-	-	13.48	109.16	-	-	-
Pravin K. Mehta	Relative of key management personnel (w.e.f. 04.02.2008)	2.36	5.35	-	-	-	-	-
Ramila P. Shah	Relative of key management personnel	-	-	-	-	-	-	5.86
Rasilaben M. Shah	Relative of key management personnel	0.10	-	0.01	0.22	-	0.73	2.64
Samir P. Shah	Relative of key management personnel (w.e.f. 04.01.2007) (upto 03.02.2008) Key	-	-	0.47	55.38	-	-	-
Sandeep M. Shah	management personnel / Partner Enterprises	0.31	1.53	1.88	80.38	-	-	-
Shah & Mehta Associates	in which relatives of key management have significant influence Relative of key	-	-	-	-	-	-	-
Suken P. Shah	management personnel (w.e.f. 04.01.2007) (upto 03.02.2008) Relative of key	-	-	2.18	10.09	-	-	-
Suresh K. Mehta	management personnel (w.e.f. 04.01.2007) Relative of key management personnel	1.18	10.84	13.02	68.85	-	-	-
Sweety P. Shah	(upto 03.02.2008) Relative of key management personnel	-	-	0.07	-	-	-	-
Vikram M. Shah	Relative of key management personnel	-	0.07	0.15	0.14	-	0.12	0.43
Vimlaben K. Mehta		0.09	-	-	-	-	-	0.26
	Total	**49.35**	**148.97**	**300.59**	**1,159.16**	**0.82**	**175.25**	**11.85**
Loan given								
C. Mahendra BVBA	Subsidiary (w.e.f. 14.05.2004) Enterprises	-	-	-	-	-	-	43.95
Prakash K. Mehta (HUF)	in which key management personnel have significant influence	-	-	-	-	-	0.02	-
	Total	**-**	**-**	**-**	**-**	**-**	**0.02**	**43.95**
Loan received back								
C. Mahendra BVBA	Subsidiary (w.e.f. 14.05.2004)	-	-	-	-	-	0.47	43.53
	Total	**-**	**-**	**-**	**-**	**-**	**0.47**	**43.53**
Balance receivable								
C. Mahendra BVBA	Subsidiary (w.e.f. 14.05.2004)	268.47	433.28	106.56	310.72	225.02	166.78	112.03
C. Mahendra Exports (HK) Ltd.	Subsidiary	798.38	972.61	1,005.29	1,044.69	849.55	776.96	808.24
C. Mahendra Infojewels	Subsidiary (w.e.f. 01.09.2004) (upto 31.12.2008)	-	-	-	-	-	8.04	0.86
C. Mahendra International Ltd.	Subsidiary	-	-	-	-	-	0.05	-
C. Mahendra NY LLC	Subsidiary	3,267.67	3,345.32	1,897.14	1,538.08	1,312.51	839.99	-
Ciemme Jewels Ltd.	Subsidiary	364.19	321.88	103.26	297.06	307.93	-	-
Prakash K. Mehta (HUF)	Enterprises in which key management personnel have significant influence	-	-	-	-	-	0.02	-
	Total	**4,698.71**	**5,073.09**	**3,112.25**	**3,190.55**	**2,695.01**	**1,791.84**	**921.13**

Balance payable								
Alka K. Shah	Relative of key management personnel	14.23	14.23	14.16	13.93	13.97	13.76	9.90
Allright Trading Pvt. Ltd.	Enterprises in which key management personnel have significant influence (upto 03.02.2008)	-	-	-	0.36	0.33	-	-
Allright Trading Pvt. Ltd.	Enterprises in which relatives of key management have significant influence (w.e.f. 04.02.2008)	0.28	0.19	0.55	-	-	-	-
Ashesha Trading Pvt. Ltd.	Enterprises in which key management personnel have significant influence	0.28	0.19	0.55	0.36	0.33	-	-
C. K. Shah (HUF)	Enterprises in which key management personnel have significant influence (upto 03.02.2008)	-	-	-	0.43	0.45	0.42	0.67
C. K. Shah (HUF)	Enterprises in which relatives of key management have significant influence (w.e.f. 04.02.2008)	0.03	0.03	0.43	-	-	-	-
C. M. Gems BVBA C.	Enterprises in which relatives of key management have significant influence	-	-	-	-	-	-	57.39
Mahendra BVBA	Subsidiary (w.e.f. 14.05.2004) Subsidiary	543.13	698.71	502.58	339.51	329.68	46.43	-
C. Mahendra Exports (HK) Ltd.	Subsidiary	248.44	267.74	-	-	-	-	-
C. Mahendra International Ltd. C.	Enterprises in which key management	-	-	0.18	-	-	-	2.21
Mahendra Diamonds Manufacturing Private Ltd.	personnel have significant influence Subsidiary	-	-	-	-	-	-	2.56
C. Mahendra NY LLC	Key management personnel / Partner	578.88	453.85	-	-	24.49	-	-
Champak K. Mehta	Enterprises in which key management	167.22	181.11	194.41	269.06	374.68	8.85	8.85
Champak K. Mehta (HUF)	personnel have significant influence Subsidiary	0.04	0.04	0.53	0.51	0.52	0.49	0.49
Ciemme Jewels Ltd.	Relative of key management personnel	-	-	-	0.50	-	-	1.75
Dipika C. Mehta	Relative of key management personnel	0.28	0.27	0.14	0.26	0.47	0.45	0.90
Hansa P. Mehta	Relative of key management personnel	0.38	0.36	0.07	0.07	0.06	0.06	-
Hemali J. Shah		2.11	2.60	2.47	2.33	2.28	2.15	-

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - XII : Statement of Restated Related Party Transactions

(Rs. in millions)

Particulars	Nature of relationship	Period ended 30-Sep-09	Year ended 31-Mar-09	Year ended 31-Mar-08	Period ended 31-Mar-07	Period ended 03-Jan-07	Year ended 31-Mar-06	Year ended 31-Mar-05
Jignesh M. Shah	Relative of key management personnel (w.e.f. 01.07.2005)	9.57	9.57	9.65	9.84	10.04	10.04	-
Kanu C. Shah	Key management personnel / partner (upto 03.01.2007)	-	-	-	-	253.02	74.87	74.87
Kanu C. Shah	Relative of key management personnel (w.e.f. 04.01.2007)	161.17	154.27	139.22	131.68	-	-	-
Kanu C. Shah (HUF)	Enterprises in which key management personnel have significant influence (upto 03.02.2008)	-	-	-	0.22	0.23	0.22	0.21
Kanu C. Shah (HUF)	Enterprises in which relatives of key management have significant influence (w.e.f. 04.02.2008)	0.02	0.02	0.22	-	-	-	-
Kevin P. Mehta	Relative of key management personnel (upto 31.03.2006)	-	-	-	-	-	0.20	0.26
Kevin P. Mehta	Key management personnel / partner (upto 03.01.2007)	-	-	-	-	9.74	-	-
Kevin P. Mehta	Relative of key management personnel (w.e.f. 04.01.2007)	-	-	11.64	12.19	-	-	-
Krupa S. Shah Mahendra C.	Relative of key management personnel	0.37	0.36	-	-	-	-	-
Shah Mahendra C. Shah (HUF)	Key management personnel / Partner	205.81	186.84	194.62	189.96	447.25	8.90	8.90
	Enterprises in which key management personnel have significant influence	-	-	0.02	0.03	0.04	0.03	0.04
Master Abhishek S. Mehta	Relative of key management personnel (upto 03.02.2008)	-	-	9.28	9.28	9.27	-	-
Master Meet K.Shah Master	Relative of key management personnel (upto 03.02.2008)	-	-	9.28	9.28	9.27	-	-
Parth K.Shah	Relative of key management personnel (upto 03.02.2008)	-	-	9.28	9.28	9.27	-	-
Master Utsav Pravin Mehta	Relative of key management personnel (upto 03.02.2008)	-	-	9.28	9.28	9.27	-	-
Monghiben C. Shah	Relative of key management personnel	5.18	5.18	5.18	5.18	5.48	5.58	5.58
Nayna P. Mehta	Relative of key management personnel	9.72	9.70	9.75	9.47	9.54	9.30	9.58
Paras C. Mehta	Key management personnel / partner (upto 03.01.2007)	-	-	-	-	143.76	-	-
Paras C. Mehta	Relative of key management personnel (w.e.f. 04.01.2007)	64.79	65.35	66.59	73.28	-	-	-
Polo Developers Pvt. Ltd.	Enterprises in which key management personnel have significant influence Key	0.28	0.19	0.55	0.36	0.33	-	-
Prakash K. Mehta Prakash	management personnel / partner (upto 03.01.2007)	-	-	-	-	411.23	10.00	10.00
K. Mehta	Relative of key management personnel (w.e.f. 04.01.2007)	307.72	307.92	297.61	306.30	-	-	-
Pravin C. Shah	Key management personnel / partner (upto 03.02.2008)	-	-	-	128.60	276.00	-	-
Pravin C. Shah	Relative of key management personnel (w.e.f. 04.02.2008)	226.44	226.83	147.98	-	-	-	-
Pravin C. Shah (HUF)	Enterprises in which key management personnel have significant influence (upto 03.02.2008)	-	-	0.08	0.09	0.10	0.09	0.09
Pravin C. Shah (HUF)	Enterprises in which relatives of key management have significant influence (w.e.f. 04.02.2008)	0.01	0.01	-	-	-	-	-
Pravin K. Mehta	Key management personnel / partner (upto 03.02.2008)	-	-	-	116.75	225.79	15.95	15.95
Pravin K. Mehta	Relative of key management personnel (w.e.f. 04.02.2008)	107.33	109.68	104.37	-	-	-	-
Rasilaben M. Shah	Relative of key management personnel	0.43	0.42	0.05	0.06	0.27	0.25	0.12
Sadhana S. Mehta	Relative of key management personnel	0.24	0.24	-	-	0.40	-	-
Samir P. Shah	Key management personnel / partner (upto 03.01.2007)	-	-	-	-	81.57	-	-
Samir P. Shah	Relative of key management personnel (w.e.f. 04.01.2007) (upto 03.02.2008) Key	-	-	58.31	56.26	-	-	-
Sandeep M. Shah	management personnel / Partner Relative	82.48	82.05	81.95	78.94	114.21	-	-
Suken P. Shah	of key management personnel (w.e.f. 04.01.2007) (upto 03.02.2008) Key	-	-	16.90	15.14	7.95	-	-
Suresh K. Mehta	management personnel / partner (upto 03.01.2007)	-	-	-	-	111.72	-	-
Suresh K. Mehta	Relative of key management personnel (w.e.f. 04.01.2007)	65.60	65.78	65.41	66.42	-	-	-
Sweety P. Shah	Relative of key management personnel (upto 03.02.2008)	-	-	0.58	0.60	0.59	0.56	0.52
Vikram M. Shah	Relative of key management personnel	1.86	1.86	1.92	2.07	2.20	2.20	2.32
Vimlaben K. Mehta	Relative of key management personnel	-	0.09	0.08	0.08	0.08	0.07	0.06
	Total	**2,804.32**	**2,845.68**	**1,965.87**	**1,867.96**	**2,895.88**	**210.87**	**213.22**

Note: Ciemme Jewels Ltd. was formerly Ciemme Jewels Pvt. Ltd.

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - XIII : Statement of Restated Segment Information

(Rs. in millions)

Particulars	Period ended 30-Sep-09	Year ended 31-Mar-09	Year ended 31-Mar-08	Period ended 31-Mar-07	Period ended 03-Jan-07	Year ended 31-Mar-06	Year ended 31-Mar-05
Segment Revenue							
Outside India	5,030.90	12,234.21	11,462.25	2,747.03	7,537.63	8,567.06	7,401.28
Within India	987.80	1,898.21	2,202.20	559.54	897.28	553.71	173.17
Total	**6,018.70**	**14,132.42**	**13,664.45**	**3,306.57**	**8,434.91**	**9,120.77**	**7,574.45**
Segment Assets							
Outside India	9,766.64	9,786.90	6,633.60	4,914.19	4,946.76	3,925.27	3,108.25
Within India	6,672.84	6,152.53	6,570.19	6,086.01	5,671.40	4,754.27	3,068.44
Total	**16,439.48**	**15,939.43**	**13,203.79**	**11,000.20**	**10,618.16**	**8,679.54**	**6,176.69**
Additions to fixed assets							
Within India	1.47	30.70	221.36	33.06	75.32	732.07	34.76
Outside India	-	-	-	-	-	-	-
Total	**1.47**	**30.70**	**221.36**	**33.06**	**75.32**	**732.07**	**34.76**

C. MAHENDRA EXPORTS LIMITED

ANNEXURE XIV : Statement of Restated Capitalisation Statement

(Rs. in millions)

Particulars	Pre Issue as at 30-Sep-09	Post issue
Debts		
Short term debts	9,505.29	[●]
Long term debts	291.51	[●]
Total Debts	**9,796.80**	[●]
Shareholders' Fund		
Equity Share capital	300.00	[●]
Reserves and surplus	1,802.40	[●]
Total Shareholders Funds	**2,102.40**	[●]
Long Term Debts/Shareholders Funds	**0.14**	[●]
Total Debts/Shareholders Funds (Ratio)	**4.66**	[●]

Notes:

1. The above ratio has been calculated on the basis of restated financial information of the Company.

2. The post-issue capitalization would be provided after finalization of the issue price of the equity.

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - XV : Statement of Restated Accounting Ratios

Particulars	30-Sep-09	31-Mar-09	31-Mar-08	31-Mar-07	03-Jan-07	31-Mar-06	31-Mar-05
Earning Per Share (EPS)							
- Basic Earning Per Share (Rs.)	2.51	7.03	13.42	6.42	8.17	9.80	7.39
- Diluted Earning Per Share (Rs.)	2.51	7.03	13.42	6.42	8.17	9.80	7.39
Net Asset Value (NAV) (Rs. per share)	70.08	67.57	60.53	47.11	105.02	89.60	88.31
Return on Net Worth (RONW) (%)	3.59	10.41	22.17	11.56	7.77	10.94	8.37
Weighted average No. of Equity Shares outstanding during the year/period	30,000,000	30,000,000	30,000,000	25,459,770	25,000,000	25,000,000	25,000,000
No. of Equity Shares outstanding at the end of the year/period	30,000,000	30,000,000	30,000,000	30,000,000	25,000,000	25,000,000	25,000,000

Notes:

1. The Ratios has been computed as below:

$$\text{Earning Per Share (Rs.)} = \frac{\text{Net Profit After Tax}}{\text{Weighted Average Number of Equity Shares outstanding during the year/period}}$$

$$\text{Net Asset Value Per Share (Rs.)} = \frac{\text{Net Worth Excluding Revaluation Reserve}}{\text{Number of Equity Shares outstanding as at the year/period end}}$$

$$\text{Return on Net Worth (\%)} = \frac{\text{Net Profit After Tax X 100}}{\text{Net Worth Excluding Revaluation Reserve}}$$

2. The above ratios have been computed on the basis of the Restated Financial Information for the respective year/period.

3. The status of the Company prior to 4 January 2007 was that of a partnership firm. Hence, EPS and NAV per share have been computed for all the periods/ years prior to 31 March 2007 by considering the number of shares outstanding as at 4 January 2007.

4. Net worth as at 3 January 2007 has been taken excluding revaluation reserve but including amount transferred from partner's capital account to unsecured loan account as on 3 January 2007 (net of impact on restatement).

5. Earnings per Share is computed in accordance with Accounting Standard (AS) 20 “Earnings Per Share”. EPS and RONW for the period ended 03 January 2007 and 31 March 2007 are not annualised.

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - XVI : STATEMENT OF TAX SHELTERS

(Rs. in millions)

Particulars	Period ended 30-Sep-09	Year ended 31-Mar-09	Year ended 31-Mar-08	Period ended 31-Mar-07	Period ended 03-Jan-07	Year ended 31-Mar-06	Year ended 31-Mar-05
Profit before tax as per restated profit and loss account	87.62	252.72	406.77	180.03	265.32	322.71	247.10
Tax rate (including surcharge and education cess)	**33.99%**	**33.99%**	**33.99%**	**33.66%**	**33.66%**	**33.66%**	**36.59%**
Notional tax as per tax rate on profits (A)	**29.78**	**85.90**	**138.26**	**60.60**	**89.31**	**108.62**	**90.42**
Tax Adjustments							
Permanent Difference							
Donation	-	0.13	1.17	2.48	0.68	0.77	0.79
Disallowance u/s. 40a(ia)	-	0.73	-	-	-	-	-
Employee's contribution to PF and ESIC	- (38.42)	0.28	-	-	- (92.99)	- (96.50)	- (77.32)
Deduction u/s. 10B	-	(172.69)	(269.95)	(129.33)	(0.20)	(0.10)	-
Dividend income		-	(0.20)				
Total Permanent Difference (B)	**(38.42)**	**(171.55)**	**(268.98)**	**(126.85)**	**(92.51)**	**(95.83)**	**(76.53)**
Timing Difference							
Loss / (Profit) on sale of fixed asset	-	(0.21)	0.03	0.04	0.05	(0.23)	(4.02)
Disallowance u/s. 40a(ia)	-	-	14.10	0.70	(0.40)	0.15	1.14
Allowance u/s. 40a(ia)	(0.13)	(13.72)	-	- (49.04)	-	-	-
Depreciation	(9.09)	(4.87)	(160.25)	0.16	(135.93)	(180.28)	(7.67)
Preliminary expenses	(0.22)	(0.45)	(0.45)	1.03	1.63	-	-
Disallowance u/s. 43B	-	-	6.72	-	2.58	-	-
Allowance u/s. 43B	-	(6.72)	-	0.70	-	-	-
Disallowance u/s. 40A(7) - Provision for gratuity	(0.56)	(0.68)	2.07		2.11	(1.83)	2.23
Total Timing Difference (C)	**(10.00)**	**(26.65)**	**(137.78)**	**(46.41)**	**(129.96)**	**(182.19)**	**(8.32)**
Total Adjustments (D) = (B+C)	**(48.42)**	**(198.20)**	**(406.76)**	**(173.26)**	**(222.47)**	**(278.02)**	**(84.85)**
Tax Expenses / (savings) thereon (E)=(D)*Tax rate	**(16.46)**	**(67.37)**	**(138.26)**	**(58.32)**	**(74.88)**	**(93.58)**	**(31.05)**
Tax payable as per normal provisions (other than 115JB)of the Act (F)	**13.33**	**18.53**	**-**	**2.29**	**14.41**	**15.04**	**59.37**
MAT tax rate (G)	**16.995%**	**11.33%**	**11.33%**	**11.22%**	**-**	**-**	**-**
Tax under MAT (H)	**15.00**	**30.00**	**46.03**	**5.68**	**-**	**-**	**-**
Tax payable for the year maximum of (F) or (H)	**15.00**	**30.00**	**46.03**	**5.68**	**14.41**	**15.04**	**59.37**
Interest under section 234B & 234C (As per income tax return)	**-**	**-**	**0.57**	**0.23**	**0.13**	**-**	**0.63**
Total Tax Payable	**15.00**	**30.00**	**46.60**	**5.91**	**14.54**	**15.04**	**60.00**

Notes:

1. The aforesaid Statement of tax Shelters has been prepared as per the 'Restated Profit and Loss Account'.

2. The Company was incorporated by converting existing partnership firm M/s C. Mahendra Exports ('the erstwhile firm') with effect from 4 January 2007. The Company has taken over the existing business of the erstwhile firm from that date. In view of the above, tax liability as per the provisions of MAT is not computed for the year prior to conversion from partnership firm into Company.

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - XVII : Statement of Dividend paid

(Rs. in millions)

Particulars	Period ended 30-Sep-09	Year ended 31-Mar-09	Year ended 31-Mar-08	Period ended 31-Mar-07	Period ended 03-Jan-07	Year ended 31-Mar-06	Year ended 31-Mar-05
Dividend paid	-	-	-	-	204.13	245.11	184.77

Note:

The status of the Company prior to 4 January 2007 was that of a partnership firm. The profit of the partnership firm for the each year/period was credited to partners in their profit/(loss) sharing ratio, which have been disclosed above for the respective year/period.

AUDITORS' REPORT
ON RESTATED CONSOLIDATED FINANCIAL INFORMATION OF C.MAHENDRA EXPORTS LIMITED (ERSTWHILE M/s. C. MAHENDRA EXPORTS-PARTNERSHIP FIRM) AND ITS SUBSIDIARIES

To
The Board of Directors,
C. MAHENDRA EXPORTS LIMITED,
1204, Panchratna, Opera House,
Mumbai – 400 004.

Dear Sirs,

9) We have examined the attached restated consolidated financial information of C. Mahendra Exports Ltd. (Erstwhile C. Mahendra Exports–Partnership Firm) (hereinafter referred as 'the Company') and its subsidiaries ('the Group') annexed to this report. The said restated consolidated financial information has been prepared by the Company and approved by the Board of Directors in accordance with the requirements of:

a) paragraph B(1) of Part II of Schedule II of the Companies Act, 1956 ('the Act');

b) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('the SEBI Regulations') issued by the Securities and Exchange Board of India ('SEBI') on 26 August 2009 in exercise of the powers conferred by section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992); and

c) the terms of our engagement agreed upon with you in accordance with our engagement letter dated 1 December 2009 in connection with the proposed Initial Public Offer of equity shares of the Company.

10) This Restated Consolidated Financial Information for the financial year ended 31 March 2005, 31 March 2006 and 31 March 2007 have been prepared by the management and approved by the Board of Directors of the Company from standalone audited financial statements of the Company for the financial year ended 31 March 2005, 31 March 2006, 3 January 2007 and 31 March 2007 and standalone financial statements of its subsidiaries for the financial year ended 31 March 2005, 31 March 2006 and 31 March 2007.

11) We did not audit the financial statements of the Company or its subsidiaries for the financial year ended 31 March 2005, 31 March 2006, 3 January 2007 and 31 March 2007 and accordingly reliance has been placed on the financial statements audited by other auditors for the said years for the purpose of the Restated Consolidated Financial Information.

12) a) The Restated Consolidated Financial Information for the financial year/period ended 31 March 2008, 31 March 2009 and 30 September 2009 has been extracted by the management of the Company from the consolidated financial statements of the Group audited by us for the year/period ended 31 March 2008, 31 March 2009 and 30 September 2009.

b) We did not audit the financial statements of any subsidiaries, whose financial statements reflects total assets of Rs.8.684.16 million, Rs.11,696.04 million and Rs.10,693.86 million as at 31 March 2008, 31 March 2009 and 30 September 2009 respectively, total revenue of Rs.10,668.38 million, Rs.9,550.98 million and Rs.4,290.60 million for the year/period ended on 31 March 2008, 31 March 2009 and 30 September 2009 respectively and cash inflows amounting to Rs.66.40 million, outflows amounting to Rs.29.88 million and outflows amounting to Rs.14.38 million for the year/period ended on 31 March 2008, 31 March 2009 and 30 September 2009 respectively. The financial statements and other financial information of the subsidiaries have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the said subsidiaries, is based solely on the report of other auditors.

13) *We draw attention to* :

- *paragraph C(1)(d)(i) in Annexure IV – Accounting Policies and Notes to the Restated Consolidated Financial Information regarding no adjustment made in the restated consolidated financial information to remove qualifications in auditor's report and change in accounting policy required to*

comply with Accounting Standard (AS)-2 "Valuation of Inventories" for the financial year/period ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009. The effect of which cannot be determined for reasons mentioned in paragraph C(3) in Annexure IV; and

- *paragraph C(1)(d)(ii) in Annexure IV–Accounting Policies and Notes to the Restated Consolidated Financial Information regarding no adjustment made in the restated consolidated financial information to comply with Accounting Standard (AS)-10 "Fixed Assets" and Accounting Standard (AS)-6 "Depreciation" for the financial year/period ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009, in case of Ciemme Jewels Ltd., a subsidiary company. The effect of which cannot be determined for reasons mentioned in paragraph C(4)(b) in Annexure IV.*

14) Subject to paragraph 5 above and bases on our examination, we further report that:

(c) The Restated Summary Statement of Consolidated Assets and Liabilities of the Group as at 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009 as set out in Annexure-I to this report is after making adjustments/restatements and regrouping as in our opinion were appropriate and more fully described in paragraph C(1) in Annexure-IV – Accounting Policies and Notes to the Restated Consolidated Financial Information and

(d) The Restated Summary Statement of Consolidated Profit and Loss of the Group for the year/period then ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009 as set out in Annexure-II to this report is after making adjustments/restatements and regrouping as in our opinion were appropriate and more fully described described in paragraph C(1) in Annexure-IV – Accounting Policies and Notes to the Restated Consolidated Financial Information.

15) We have also examined the following restated financial information relating to the Group for the financial year/period ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009, annexed to this report:

(xv) Statement of Restated Consolidated Cash Flows as appearing in Annexure-III;

(xvi) Statement of Restated Consolidated Sundry Debtors as appearing in Annexure-V;

(xvii) Statement of Restated Consolidated Loans and Advances as appearing in Annexure-VI;

(xviii) Statement of Restated Consolidated Secured Loans as appearing in Annexure-VII;

(xix) Statement of Restated Consolidated Unsecured Loans as appearing in Annexure-VIII;

(xx) Statement of Restated Consolidated Other Income as appearing in Annexure-IX;

(xxi) Statement of Restated Consolidated Contingent Liabilities as appearing in Annexure-X;

(xxii) Statement of Restated Consolidated Related Party Transactions as appearing in Annexure-XI;

(xxiii) Statement of Restated Consolidated Segment Information as appearing in Annexure-XII;

(xxiv) Statement of Restated Consolidated Capitalisation Statement as appearing in Annexure-XIII;

(xxv) Statement of Restated Consolidated Accounting Ratios as appearing in Annexure-XIV; and

(xxvi) Statement of Dividend paid as appearing in Annexure-XV.

16) In our opinion, the Restated Summary Statement of Consolidated Assets and Liabilities, Restated Summary Statement of Consolidated Profit and Loss Account and the restated financial information as stated above read along with the Significant Accounting Policies and Notes as set out in Annexure-IV have been prepared in accordance with Paragraph B(1) of Part II of Schedule II of the Act and the SEBI Regulations.

17) This report should not be in any way construed as a re-issuance or re-dating of any of the previous audit reports issued by us or by any other firm of Chartered Accountants, nor should it be construed as a new opinion on any of the financial statements referred to therein.

18) This report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed Initial Public Offer of the Company and should not be used, referred to or distributed for any other purpose without our prior consent in writing.

FOR SURESH SURANA & ASSOCIATES
Chartered Accountants

(Nirmal Jain)
PARTNER
Membership No.34709

Mumbai;
Dated: 3 February 2010

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - I : Restated Summary Statement of Consolidated Assets and Liabilities

(Rs. in millions)

	PARTICULARS	As at 30-Sep-09	As at 31-Mar-09	As at 31-Mar-08	As at 31-Mar-07	As at 31-Mar-06	As at 31-Mar-05
I	**FIXED ASSETS**						
	Net block	1,067.30	1,108.55	1,222.35	1,099.65	1,055.22	351.00
	Capital work-in-progress (including capital advances)	27.03	22.69	38.53	16.90	77.99	100.71
		1,094.33	**1,131.24**	**1,260.88**	**1,116.55**	**1,133.21**	**451.71**
II	**GOODWILL ON CONSOLIDATION**	**-**	**-**	**-**	**12.45**	**18.23**	**9.75**
III	**DEFERRED TAX ASSET (NET)**	**46.47**	**17.20**	**4.96**	**2.43**	**2.44**	**3.56**
IV	**CURRENT ASSETS, LOANS AND ADVANCES**						
	Inventories	6,574.69	6,770.31	6,592.08	6,708.81	5,670.67	3,633.43
	Sundry debtors	10,901.58	10,412.71	8,243.23	6,226.72	5,437.54	3,961.17
	Cash and bank balances	208.32	187.80	260.17	179.00	248.99	131.56
	Other current assets	1.01	0.94	1.02	0.60	1.36	0.41
	Loans and advances	1,120.72	1,192.84	534.96	324.83	311.55	264.92
		18,806.32	**18,564.60**	**15,631.46**	**13,439.96**	**11,670.11**	**7,991.49**
V	**MINORITY INTEREST**	**28.31**	**36.18**	**475.78**	**676.67**	**574.67**	**555.47**
VI	**LIABILITIES AND PROVISIONS**						
	Secured loans	9,403.84	9,728.88	8,139.78	6,432.27	5,638.95	3,616.38
	Unsecured loans	2,395.00	2,459.70	2,451.79	2,188.47	1,970.52	673.32
	Current liabilities	5,154.78	4,555.70	3,283.02	3,407.44	2,206.28	1,156.62
	Provisions	325.68	306.74	274.16	212.25	186.46	204.07
		17,279.30	**17,051.02**	**14,148.75**	**12,240.43**	**10,002.21**	**5,650.39**
VII	**DEFERRED TAX LIABILITIES (NET)**	**152.95**	**154.89**	**136.03**	**134.38**	**72.64**	**11.65**
VIII	**NET WORTH (I+II+III+IV-V-VI-VII)**	**2,486.56**	**2,470.95**	**2,136.74**	**1,519.91**	**2,174.47**	**2,239.00**
	NETWORTH REPRESENTED BY:						
IX	**EQUITY SHARE CAPITAL**	300.00	300.00	300.00	300.00	2,239.97	2,207.69
		300.00	**300.00**	**300.00**	**300.00**	**2,239.97**	**2,207.69**
X	**RESERVES AND SURPLUS**						
	Securities premium account	950.00	950.00	950.00	950.00	-	-
	Capital reserve	123.75	123.75	117.84	-	-	-
	General reserve	40.62	35.77	20.56	9.44	2.79	1.46
	Capital redemption reserve	0.38	0.38	0.38	-	-	-
	Statutory reserve	1.37	1.11	0.51	0.08	0.08	0.08
	Translation reserve	(206.79)	(262.42)	65.29	(72.42)	1.61	(6.01)
	Profit and loss account	1,277.23	1,322.36	682.16	332.81	(69.98)	35.78
		2,186.56	**2,170.95**	**1,836.74**	**1,219.91**	**(65.50)**	**31.31**
	NET WORTH (IX+X)	**2,486.56**	**2,470.95**	**2,136.74**	**1,519.91**	**2,174.47**	**2,239.00**

Notes:

1. The accompanying Significant Accounting Policy and Notes to the Restated Financial Information are an integral part of this Restated Summary Statement of Consolidated Assets and Liabilities.

2. The status of the Company upto 3 January 2007 was partnership firm and accordingly Share Capital disclosed for the year ended 31 March 2005 and 31 March 2006 represent total of balance in Partner's Capital Account as on the respective dates.

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - II : Restated Summary Statement of Consolidated Profit and Loss Account

(Rs. in millions)

	PARTICULARS	Period ended 30-Sep-09	Year ended 31-Mar-09	Year ended 31-Mar-08	Year ended 31-Mar-07	Year ended 31-Mar-06	Year ended 31-Mar-05
I	**INCOME**						
	Sales and income from operations	8,168.62	15,337.40	17,319.87	16,579.81	10,477.75	8,390.94
	Other income	6.92	86.43	36.62	12.90	13.52	115.37
	Increase/ (Decrease) in inventories	155.64	611.75	432.03	567.57	1,024.83	1,028.38
		8,331.18	**16,035.58**	**17,788.52**	**17,160.28**	**11,516.10**	**9,534.69**
II	**EXPENDITURE**						
	Cost of materials	7,485.43	13,515.74	14,837.02	14,085.33	9,623.98	7,824.15
	Staff cost	91.17	268.53	286.32	180.59	154.55	130.19
	Manufacturing and other expenses	319.71	588.01	1,434.83	1,370.32	1,014.97	918.28
	Selling and distribution expenses	26.41	53.31	62.78	59.81	58.27	44.54
	Interest	414.81	791.24	715.63	509.34	270.37	144.24
	Miscellaneous expenditure written off	-	-	-	2.24	-	-
	Depreciation / Amortization	47.42	107.24	108.50	119.84	69.05	37.63
		8,384.95	**15,324.07**	**17,445.08**	**16,327.47**	**11,191.19**	**9,099.03**
III	**PROFIT/(LOSS) BEFORE TAXATION**	**(53.77)**	**711.51**	**343.44**	**832.81**	**324.91**	**435.66**
	Provision for tax						
	Current tax	(20.95)	(41.57)	(62.93)	(38.88)	(19.87)	(62.32)
	Less: MAT credit entitlement	0.80	10.00	46.00	5.68	-	-
	Deferred tax	32.12	(9.39)	1.11	(61.75)	(62.11)	(3.41)
	Fringe benefit tax	-	(1.34)	(1.32)	(1.48)	(2.04)	-
	NET PROFIT/(LOSS) BEFORE MINORITY INTEREST	**(41.80)**	**669.21**	**326.30**	**736.38**	**240.89**	**369.93**
	Minority interest (profit)/loss	1.77	(7.26)	16.02	(118.00)	(105.28)	(149.25)
	NET PROFIT/(LOSS) AFTER MINORITY INTEREST	**(40.03)**	**661.95**	**342.32**	**618.38**	**135.61**	**220.68**
	Adjustment for the year due to change in holding	-	(3.42)	(18.15)	(0.35)	(3.42)	-
	Surplus brought forward from previous year	1,322.36	682.16	332.81	(69.98)	35.78	2.05
	Adjustment in opening reserve due to change in holding	-	(2.50)	33.74	(0.97)	9.30	-
IV	**ADJUSTED PROFIT AVAILABLE FOR APPROPRIATION**	**1,282.33**	**1,338.19**	**690.72**	**547.08**	**177.27**	**222.73**

Notes:

1 The accompanying Significant Accounting Policy and Notes to the Restated Financial Information are an integral part of this Restated Summary Statement of Consolidated Profit and Loss Account.

2 Figures for the period from 1 April 2006 to 3 January 2007 pertaining to the Partnership Firm prior to its conversion under Part IX of The Companies Act, 1956 and figures for the period from 4 January 2007 to 31 March 2007 post its conversion into company have been combined and presented as figures for the year ended 31 March 2007.

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - III : Statement of Restated Consolidated Cash Flows

(Rs. in millions)

	PARTICULARS	Period ended 30-Sep-09	Year ended 31-Mar-09	Year ended 31-Mar-08	Year ended 31-Mar-07	Year ended 31-Mar-06	Year ended 31-Mar-05
A.	**CASH FLOW FROM OPERATING ACTIVITIES**						
	Net profit/(loss) before tax and after minority interest	**(52.00)**	**704.25**	**359.46**	**714.81**	**219.63**	**286.41**
	Adjustment for:						
	Depreciation / Amortization	47.42	107.24	108.50	119.84	69.05	37.63
	Interest income	(5.05)	(16.16)	(12.62)	(10.48)	(6.28)	(4.72)
	Interest on income tax refund	-	-	-	(0.04)	-	-
	Interest expenses	414.81	791.24	715.63	509.34	270.37	144.24
	(Profit) / Loss on sale of fixed assets (net)	0.05	0.09	0.10	1.33	(0.23)	(4.02)
	Change in translation reserve	56.78	(343.82)	133.87	(78.03)	9.34	(5.99)
	Cash generated from operations before working capital changes	462.01	1,242.84	1,304.94	1,256.77	561.88	453.55
	Adjustment for:						
	(Increase) / Decrease in inventories	195.62	(178.23)	116.73	(1,038.14)	(2,037.23)	(1,551.54)
	(Increase) / Decrease in trade and other receivables	(414.71)	(2,770.97)	(2,127.17)	(774.05)	(1,540.87)	(1,137.98)
	Increase / (Decrease) in current liabilities and provisions	598.72	1,263.83	(121.20)	1,205.31	1,048.30	441.65
	Cash generated from/ (used in) operations	841.64	(442.53)	(826.70)	649.89	(1,967.92)	(1,794.32)
	Less: Direct tax paid (Net)	(1.59)	(57.69)	(58.74)	(40.68)	(20.43)	(56.24)
	NET CASH FROM/ (USED IN) OPERATING ACTIVITIES (A)	**840.05**	**(500.22)**	**(885.44)**	**609.21**	**(1,988.35)**	**(1,850.56)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**						
	Payments made for purchase of fixed assets/ capital expenditure	(11.73)	(24.58)	(254.48)	(113.95)	(752.52)	(238.04)
	Proceeds from sale of fixed assets	0.02	0.70	1.47	13.44	0.48	9.71
	Interest received	4.98	16.24	12.20	11.23	5.33	4.64
	Change in goodwill / capital reserve	-	-	126.08	5.78	(8.48)	-
	Adjustment due to change in holding	-	-	15.59	(1.32)	5.88	-
	NET CASH FROM/ (USED IN) INVESTING ACTIVITIES (B)	**(6.73)**	**(7.64)**	**(99.14)**	**(84.82)**	**(749.31)**	**(223.69)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**						
	Capital introduced / (withdrawn) (net)	-	-	-	(2,444.09)	(212.83)	45.30
	Proceeds from issue of shares (refer note 2 below)	-	-	-	-	-	-
	Increase / (decrease) in borrowings (net)	(385.46)	1,582.76	1,971.14	2,257.39	3,317.34	1,603.92
	Interest paid	(419.48)	(769.95)	(715.94)	(506.20)	(267.82)	(144.44)
	Increase in minority interest	(7.86)	(377.32)	(189.40)	98.56	18.42	543.95
	Dividend distribution tax paid	-	-	(0.05)	(0.04)	(0.02)	-
	NET CASH FROM/ (USED IN) FINANCING ACTIVITIES (C)	**(812.80)**	**435.49**	**1,065.75**	**(594.38)**	**2,855.09**	**2,048.73**
	NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**20.52**	**(72.37)**	**81.17**	**(69.99)**	**117.43**	**(25.52)**
	Cash and Cash Equivalents at the beginning of the year/period	**187.80**	**260.17**	**179.00**	**248.99**	**131.56**	**157.08**
	Cash and Cash Equivalents at the end of the year/period	**208.32**	**187.80**	**260.17**	**179.00**	**248.99**	**131.56**
	COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR						
	Cash in hand	13.06	5.49	10.00	16.95	18.80	11.51
	Balance with Scheduled Banks						
	Current Account	32.04	61.16	91.48	30.01	75.23	29.23
	EEFC Account	0.33	0.27	0.21	0.23	0.23	0.23
	Cheques in transit	32.82	-	39.20	-	-	0.84
	Fixed deposit/ margin money	130.07	120.88	119.28	131.81	154.73	89.75
		208.32	**187.80**	**260.17**	**179.00**	**248.99**	**131.56**

Notes:

1 Figures for the period from 1 April 2006 to 3 January 2007 pertaining to the Partnership Firm prior to its conversion under Part IX of The Companies Act, 1956 and figures for the period from 4 January 2007 to 31 March 2007 post its conversion into company have been combined and presented as figures for the year ended 31 March 2007.

2 During year ended 31 March 2007 the Company has issued 5,000,000 equity shares of Rs.10 each at Rs. 200 each (including Rs. 190 premium) by adjusting balance lying in Unsecured loans, as such the same has been treated as non-cash transaction.

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - IV: Accounting Policies and Notes to the Restated Consolidated Financial Information

A. BACKGROUND

C. Mahendra Exports Limited (hereinafter referred to as 'the Company') was incorporated on 4 January 2007 as a Private Limited company pursuant to conversion of the partnership firm M/s. C. Mahendra Exports under Part IX of The Companies Act, 1956. Thereafter on 14 March 2007 the Company was converted into Public Limited Company. The Company and its subsidiaries (collectively referred to as 'the Group') principal operations are located in India with marketing operations in USA, Belgium and Hongkong.

B. SIGNIFICANT ACCOUNTING POLICIES

1) Basis of preparation:

This Restated Consolidated Financial Information for the year ended 31 March 2005, 31 March 2006 and 31 March 2007 have been prepared by the management and approved by the Board of Directors of the Company from standalone audited financial statements of the Company for the year/period ended 31 March 2005, 31 March 2006, 3 January 2007 and 31 March 2007 and standalone financial statements of its subsidiaries for the year ended 31 March 2005, 31 March 2006 and 31 March 2007. The Restated Consolidated Financial Information for the year/period ended 31 March 2008, 31 March 2009 and 30 September 2009 has been extracted by the management of the Company from the audited consolidated financial statements of the Group for the year/period ended 31 March 2008, 31 March 2009 and 30 September 2009.

The Restated Consolidated Financial Information are after making adjustments/ restatements and regrouping as necessary in accordance with paragraph B(1) of Schedule II of The Companies Act, 1956 and SEBI Regulations.

2) Principles of consolidation:

The consolidated financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting, in accordance with the generally accepted accounting principles (GAAP) in India and comply with the Accounting Standards (AS) – 21 'Consolidated Financial Statements'.

a) The consolidated financial statements have been prepared on the following basis:

i) The financial statements of the parent Company and its subsidiaries have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra group balances/ transactions and resulting unrealised profits in full. Unrealised losses resulting from intra-group transactions have also been eliminated except to the extent that recoverable value of related assets is lower than their cost to the group. The amounts shown in respect of reserves comprise of the share of parent Company in post acquisition increase in the relevant reserves of the group entities.

Transactions relating to profit and loss account of the acquired entities have been included in the consolidated profit and loss account from the effective date of acquisition.

ii) The excess of the cost to the parent of its investment in the subsidiary entities over its share of the equity in the subsidiary entities at the dates on which the investments are made is recognised in the financial statements as 'Goodwill'. The excess of parent's share of equity in consolidated subsidiary entities as on the date of investments in excess of the cost of investment is recognised in the consolidated financial statements as 'Capital Reserve' and shown under the head 'Reserves and Surplus'.

iii) The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent Company for its separate financial statements.

iv) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

v) Minority interest in the net assets of consolidated subsidiary entities consists of:

a) the amount of equity attributable to minority shareholders at the date on which investment in subsidiary is made; and

b) the minorities' share of movements in equity since the date the parent subsidiary relationship came into existence.

b) The subsidiaries considered in the consolidated financial statements are:

Name of the subsidiaries	Country of incorporation/ constitution	Extent of holding as at 30-Sep-2009 %	Reporting currency	Effective date of becoming subsidiary
C. Mahendra International Ltd.	India	100.00	Indian Rupees	11/11/2003
Ciemme Jewels Ltd. (formerly Ciemme Jewels Pvt. Ltd.) (100% share capital held by C. Mahendra International Ltd.)	India	100.00	Indian Rupees	04/12/2003
C. Mahendra Infojewels (upto 31/12/2008 51% shares in profit/loss held by C. Mahendra International Ltd.)	India	--	Indian Rupees	01/09/2004 (subsidiary upto 31/12/2008)
Ciemme BVBA # (a wholly owned subsidiary of Ciemme Jewels Ltd.)	Belgium	100.00	Euro	Since incorporation
C. Mahendra BVBA (54.0373% shares in capital held by C. Mahendra Exports Limited and 45.9627% shares in capital held by C. Mahendra International Ltd.)	Belgium	100.00	Euro	14/05/2004
C. Mahendra Exports (H.K.) Ltd. (a wholly owned subsidiary of C. Mahendra International Ltd.)	Hong Kong	100.00	HK Dollars	Since incorporation
Ciemme (LA) Inc. (a wholly owned subsidiary of C. Mahendra International Ltd.)	USA	100.00	US Dollars	11/11/2003
C. Mahendra (USA) Inc. (a wholly owned subsidiary of C. Mahendra International Ltd.)	USA	100.00	US Dollars	Since incorporation
C. Mahendra (NY) LLC. (99% shares in profit/loss held by C. Mahendra (USA) Inc.)	USA	99.00	US Dollars	Since incorporation
Ciemme (NY) LLC. (99% shares in profit/loss held by C. Mahendra (USA) Inc.)	USA	99.00	US Dollars	Since incorporation

After the balance sheet date, Ciemme Jewels Limited has diverted its entire holding for a consideration of Rs.1,293,964

3) Use of estimates:

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the consolidated financial statements and reported amounts of revenues and expenses for the period. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

4) Fixed assets:

Fixed assets are accounted at cost of acquisition inclusive of freight, duties, taxes, incidental expenses and borrowing cost and are stated at written down value.

5) Depreciation and amortisation:

Depreciation is provided on written down value method (except plant and machinery relating to Windmills) at the rates and in the manner specified under the respective domestic laws (as applicable) to the relevant entity. Depreciation on Windmills are provided on straight line method.

Leasehold land is amortised over the lease period.

6) Inventories:

i. Raw materials - Rough diamonds are valued at lower of cost or net realisable value. The cost is determined by employing weighted average method on lot wise basis. Rough diamond rejection is valued at estimated realisable value.

ii. Raw materials (gold, findings, alloys and precious / semi-precious stones) are valued at cost or net realisable value whichever is lower. The cost is ascertained on average / FIFO basis.

iii. Finished goods - Polished diamonds are valued at lower of estimated cost as certified by Directors / Partners or net realisable value.

iv. Finished goods - Jewellery is valued at lower of cost or realisable value.

v. Consumables are valued at lower of estimated cost or net realisable value. Cost is as certified by the management. Tools and spares are charged to profit and loss account in the year of purchase.

7) Revenue recognition:

Revenue from exports sales is recognised when the goods are delivered to the customs authorities. Revenue from local sales is recognised when the significant risk and rewards associated with the ownership of goods are transferred to the customer.
Income from sale of wind energy is recognised on its transmission as per terms of agreement.

8) Foreign currency transactions:

i. Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailing at the date of the balance sheet. Gain / loss arising on account of differences in foreign exchange rates on settlement / translation of monetary assets and liabilities are recognised in the profit and loss account. Non-monetary foreign currency items are carried at cost.

ii. In respect of forward contracts, other than forward contracts in respect of firm commitments and highly probable forecast transactions, the premium or discount arising at the inception of forward exchange contract is amortised as expenses or income over the life of the contract. Exchange differences on such contracts are recognised in the Profit and Loss Account in the reporting year in which the exchange rate changes. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense for the year.

iii. Any profit or loss arising on settlement or cancellation of other derivative contracts (forward contracts in respect of firm commitments and highly probable forecast transactions, swaps and currency options) is recognised as income or expense for the year. The derivative contracts outstanding at the year-end, are marked to its current market value and gain/ loss on such contracts, is recognized in the profit and loss account.

iv. Indian Rupee is the reporting currency of the Company and its Indian subsidiaries. However, the functional currency of foreign subsidiaries is their local currency as disclosed above. The translation of functional currency of foreign subsidiaries into Indian Rupees is performed for assets and liabilities (except for capital, opening reserves and surplus), using the exchange rate as at the balance sheet date and for revenues, cost and expenses using yearly average exchange rates. Resultant currency

translation exchange gain / loss is disclosed as “Translation Reserve” in reserves and surplus. Contingent liabilities are translated at the closing rate.

9) Retirement benefits:

i. Retirement benefits in the form of provident fund and pension scheme are accounted on accrual basis.

ii. Provision for gratuity liability is made on the basis of actuarial valuation at the end of the accounting period.

iii. Liability for encashment of leave is recognised and charged to the profit and loss account in the period in which it is earned on accrual basis.

10) Borrowing cost:

Borrowing cost directly attributable to acquisition or construction of fixed assets, which necessarily take substantial period of time to get ready for their intended use, are capitalised. Other borrowing costs are charged to profit and loss account.

11) Income-tax:

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax are measured at the amount expected to be paid to the tax authorities. Deferred income taxes reflects the impact of current period timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable/ virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably/virtually certain that sufficient future taxable income will be available against which such deferred tax assets can be realised.

12) Accounting for provisions and contingent liabilities:

A provision is made when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

13) Impairment:

At each balance sheet date, the Group determines whether a provision should be made for impairment loss on fixed assets (including intangible assets), by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard (AS) - 28 ‘Impairment of Assets’. Where the recoverable amount of any fixed assets is lower than its carrying amount, a provision for impairment loss on fixed assets is made. At the balance sheet date there is an indication that previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the assets is reflected at the recoverable amount subject to a minimum of depreciated historical cost.

14) Preliminary expenses:

Preliminary expenses are charged to the profit and loss account in the year in which the same are incurred.

C. NOTES TO THE RESTATED CONSOLIDATED FINANCIAL INFORMATION

1) Restatements arising out of change in accounting policies and material adjustments relating to previous years/periods

(Rs. In millions)

Sr. No.	Particulars	Period ended 30-Sep-09	Year ended 31-Mar-09	Year ended 31-Mar-08	Year ended 31-Mar-07	Year ended 31-Mar-06	Year ended 31-Mar-05
A.	**Profit/(loss) after tax as per consolidated financial statements**	**(51.39)**	**654.77**	**307.05**	**819.78**	**303.54**	**363.03**
	Adjustment for:						
	Change in accounting policies and restatement						
	Gratuity	-	0.12	(0.34)	(3.41)	1.23	(2.30)
	Bonus	-	-	-	(3.61)	-	-
	Profit / (Loss) on sale of fixed assets (net)	-	-	-	0.53	0.23	4.02
	Depreciation	9.59	14.04	13.83	(16.16)	(4.74)	11.33
	Preliminary expenses	-	-	1.79	(1.79)	-	-
	Current tax expenses	-	-	-	(3.46)	3.14	(1.63)
	MAT credit entitlement	-	-	-	5.68	-	-
	Fringe benefit tax expenses	-	-	-	(0.91)	(1.60)	-
		9.59	**14.16**	**15.28**	**(23.13)**	**(1.74)**	**11.42**
	Tax impact on above adjustments						
	Current tax expenses	-	-	(0.10)	-	-	-
	MAT credit entitlement	-	-	0.40	-	-	-
	Deferred tax expenses	-	0.28	3.67	(60.27)	(60.91)	(4.52)
B.	**Adjustments net of tax impact**	**9.59**	**14.44**	**19.25**	**(83.40)**	**(62.65)**	**6.90**
C.	**Adjusted profit/(loss)(A+B)**	**(41.80)**	**669.21**	**326.30**	**736.38**	**240.89**	**369.93**

a) Adjustments resulting from changes in accounting policies

i) Gratuity

During the year ended 31 March 2008, the Group adopted the Accounting Standard (AS)-15 "Employee Benefits" applicable for accounting periods commencing on or after December 7, 2006. However, the Group adopted the standard with effect from 1 April 2007. The cumulative effect of this change was recorded in the year ended 31 March 2008. Accordingly, Employees' Remuneration and Benefits have been recomputed for the years ended 31 March 2005, 31 March 2006, 31 March 2007 and 31 March 2008 in the Restated Consolidated Financial Information. Further the accumulated profit and loss balance as at 1 April 2004 has been appropriately adjusted to reflect the impact of the change pertaining to periods ended on or before 31 March 2004.

ii) Preliminary expenses

During the year ended 31 March 2008, the Group has changed its accounting policy in respect of preliminary expenses to comply with Accounting Standard (AS)-26 "Intangible Assets", which is now fully written off instead of amortising over the period of five years up to 31 March 2007. Accordingly, adjustment has been carried out for the year ended 31 March 2007.

iii) Depreciation

Till 3 January 2007, while the Company was a partnership firm, depreciation was charged at the rates and in the manner specified in the Income Tax Act, 1961. After conversion in to a company under Part IX of The Companies Act, 1956 w.e.f. 4 January 2007, the Company has charged depreciation at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

In case of subsidiaries C. Mahendra Infojewels, Ciemme BVBA, C. Mahendra BVBA, C. Mahendra Exports (H.K.) Ltd., Ciemme (LA) Inc and C Mahendra (USA) Inc. (including its subsidiaries) which provide depreciation not as per the current policy of the Company, adjustments has been carried out for the year/period ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009 for the purpose of this Restated Consolidated Financial Information.

Adjustment on this account has not been carried out prior to financial year ended 31 March 2002 and written down value as on 01 April 2002 has been considered for depreciation calculation for the financial year ended 31 March 2003 and onwards. Accordingly, adjustment has been carried out for the purpose of this Restated Consolidated Financial Information.

iv) Profit / (loss) on sale of fixed assets

C Mahendra Infojewels, a subsidiary entity and the Company till 3 January 2007, while it was a partnership firm, profit / (loss) on sale of fixed assets was not determined and amount realised for sale of fixed assets was reduced from block of fixed assets in accordance with Income Tax Act, 1961. Accordingly, adjustment has been carried out for the earlier years.

v) Current tax expenses

No provision for income tax was made in the books of account of the Company upto the year ended 31 March 2004. Accordingly, provision for income tax has been made from the year ended 31 March 2002 on the basis of return of income filed by the Company for the respective years.

vi) Fringe benefit tax expenses

No provision for fringe benefit tax was made in the accounts of the Company till 3 January 2007 and C. Mahendra Infojewels, a subsidiary entity. Accordingly provision for fringe benefit tax has been made for earlier period/years on the basis of rates applicable to the entity for the respective years.

vii) Deferred tax expenses

Deferred tax was not accounted by the Company upto 3 January 2007 and C Mahendra Infojewels, a subsidiary entity. Accordingly, adjustment has been carried out for the earlier years.

b) Material adjustments relating to previous year/period

i) Prior period items

The Group recorded prior period expenses during year ended 31 March 2008 the effect of these items have been given in the respective periods of origination.

ii) Tax adjustments of earlier years

The Group has recorded tax adjustments of earlier years on completion of assessments made by the Income tax authorities and any difference is recorded as 'Prior year tax adjustments' in the financial statements. Accordingly, the effect of these items has been adjusted in the period to which the tax was related in the Restated Summary Statement of Consolidated Profit and Loss Account.

iii) Tax impact on account of adjustments

The Restated Summary Statement of Consolidated Profit and Loss Account has been adjusted for tax impact on account of adjustment in respective years.

iv) Adjustment to revalued fixed assets

The Company prior to its conversion, had revalued certain class of its fixed assets as at 1 April 2006 on the basis of valuation done by an approved valuer. The net difference between the written down value ('WDV') as per books and revalued value was Rs.306.55 million, which had been added to the WDV of the fixed assets as at 1 April 2006 with corresponding credit to the Partners Capital Account, which was not in accordance with Accounting Standard (AS)-10 "Accounting for Fixed Assets". For the purpose of this restated Financial Information, the amount added to fixed assets on revaluation has been reversed with corresponding debit to the Partners Capital Account.

c) Material regroupings

i) Upto 31 March 2007, exchange rate differences arising on transactions relating to imports and year end restatement of creditors in foreign currency was included under in 'Purchases'. Similarly exchange rate differences on transactions relating to export sales and year end restatement of debtors in foreign currency was included in 'Sales'. During the year/period ended 31 March 2008, 31 March 2009 and 30 September 2009, exchange rate difference arising on transactions in foreign currency has been disclosed separately as 'Exchange rate difference (net)' grouped under 'Other Income' or 'Manufacturing and Other Expenses' as the case may be. Accordingly, the figures of previous years have been regrouped/ rearranged.

ii) Upto 31 March 2006 the Company used to account only net profit/(loss) from its US Branch. For the purpose of Restated Summary Statement of Consolidated Assets and Liabilities and Restated Summary Statement of Consolidated Profit and Loss Account, operation of US Branch has been included on line by line items basis.

iii) Upto 31 March 2007, capital advances was disclosed under the head Loans and Advances. During the year/period ended 31 March 2008, 31 March 2009 and 30 September 2009 capital advances have been regrouped and included in "Capital Work-in-progress/ Advances" under "Fixed Assets". Accordingly, figures of previous years have been regrouped / rearranged.

d) Non-Adjustments of Auditors' Qualifications

i) No adjustment has been made in the Restated Summary Statement of Consolidated Assets and Liabilities and Restated Summary Statement of Consolidated Profit and Loss Account, to remove qualification in auditors' report and change in accounting policy required for earlier years to comply with the Accounting Standard (AS)-2 "Valuation of Inventories".

ii) No adjustment has been made in the Restated Summary Statement of Consolidated Assets and Liabilities and Restated Summary Statement of Consolidated Profit and Loss Account, to remove qualification in auditors' report of Ciemme Jewels Ltd., a subsidiary for non-compliance with Accounting Standard (AS)-10 "Fixed Assets" and Accounting Standard (AS)-6 "Depreciation" for the year/period ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009.

iii) No adjustment has been made in the Restated Summary Statement of Consolidated Assets and Liabilities and Restated Summary Statement of Consolidated Profit and Loss Account with regards to auditors' qualification in case of C. Mahendra BVBA, a subsidiary, for the year ended 31 March 2006 for no provision against long outstanding debtors amounting to Rs.16.67 million as the amount of provision is not quantified.

e) Other Non-Adjustments

During the year ended 31 March 2007, stock of diamonds of C. Mahendra BVBA (a subsidiary company) has been revalued upward by Rs.167.68 millions in accordance with Belgium Law of 26 November 2006. Consequently, the profit before tax and profit after tax before minority interest is higher by Rs.167.68 million and Rs.160.13 millions respectively for that year and inventory and provision for taxation as at 31 March 2007 is higher by Rs.167.68 millions and Rs.7.55 millions respectively. No adjustments have been made in this respect in earlier years.

f) Auditors' Qualifications requiring no adjustments

The management based on their review of assets and operation of the Group has determined that there is no indication of potential impairment and that the recoverable amount of any of its fixed assets is not lower than its carrying amount. The Group has also obtained certificates from Chartered Accountants with regards to compliance with the Accounting Standard (AS)-28 "Impairment of Assets" for the year ended 31 March 2007. Accordingly no provision for impairment is required as at 31 March 2007.

2. Contingent liabilities:

Contingent liabilities is shown separately in **Annexure 'X'**

3. Valuation of inventories:

a) In case of Ciemme Jewels Ltd., a subsidiary, finished goods (jewellery) and consumables cost is based on management estimates.

b) In case of M/s. C. Mahendra Infojewels, a subsidiary entity upto 31 December 2008, cost of stock of raw materials (gold, diamonds, precious and semi precious stones) is determined on estimated basis.

c) In case of C Mahendra International Ltd., a subsidiary Company, traded and manufactured goods are valued at net realisable value instead of at lower of cost or net realisable value.

d) In respect of the stock of finished goods (polished diamonds), cost is based on technical estimate by the management. In view of the nature of variation in the value of individual diamonds, the differentials in their costs, it is not practical to compute the cost of polished diamonds using either FIFO or weighted average cost. In view of the multiple grades, it is not practical to use specific cost. For similar reasons, inventory of traded goods (polished diamonds) is valued at net realisable value. This basis of computing cost is used, to avoid distortion in valuation.

e) In respect of consumable stores cost is determined on estimated basis instead of on FIFO basis or weighted average.

The methods followed for computing cost as mentioned above are not strictly in compliance with the requirements of Accounting Standard (AS)–2 (Revised) 'Valuation of Inventories'.

The impact on profit/(loss) for the year/period ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009, reserves and surplus and inventories as at 31

March 2005, 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009, due to the above deviations is not ascertainable.

4. Fixed assets:

a) In respect of fixed assets, gross block and accumulated depreciation has not been disclosed, as prior to its conversion, the Company was partnership firm, when fixed assets were maintained / depreciated in accordance with Income Tax regulation and as such details of gross block and accumulated depreciation are not available with the Company. This is not in conformity with the requirement of the Accounting Standard (AS)-6 'Depreciation Accounting' and Accounting Standard (AS)-10 'Accounting for Fixed Assets'. However, it has no impact on the profit/(loss) for the year/period ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009, and reserves and surplus as at 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009.

b) During 2004 Ciemme Jewels Ltd. a subsidiary company had acquired land (on lease) along with factory building for a consolidated consideration of Rs.18.46 millions. The subsidiary has apportioned this consideration (along with stamp duty and incidental charges incurred) on land and building based on the estimates of its directors but not supported by valuation by independent valuer.

This method of apportionment is strictly not in conformity with the requirements of the Accounting Standard (AS)–10 'Accounting for Fixed Assets'. Consequently, the depreciation and amortisation with respect to above fixed assets is not in conformity with the requirements of Accounting Standard (AS)– 6 'Depreciation Accounting'. The impact of the above on the profit/(loss) for the year/period ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009, 30 September 2009 and, reserves and surplus, fixed assets gross value, accumulated depreciation as at 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009 could not be ascertained.

5. Fixed assets written down value include Rs.34.90 millions as at 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009 (amount paid) representing Group's interest in respect of immovable property being developed by Bharat Diamond Bourse. No depreciation is charged on this amount during the year/period ended 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009 as the premises are still not ready for intended use.

6. During the year/period ended 31 March 2008, 31 March 2009 and 30 September 2009, the Company has incurred expenses aggregating to Rs.5.50 million, Rs.9.25 million and Rs.2.91 million respectively towards proposed IPO which are classified as "Proposed Public Issue Expenses" and included in 'Advances recoverable in cash or in kind or for value to be received' under the head 'Loans and Advances' in the financial statements. These expenses would be adjusted against the securities premium account on completion of the public issue.

7. Related party disclosures:

The related party relationships have been determined on the basis of the requirements of the Accounting Standard (AS)-18 'Related Party Disclosures' and the same have been relied upon by the auditors.

Name of the related party disclosed are those related parties with whom transactions have taken place during the year. Details of related party disclosure are given in **Annexure XI**.

8. Segment information:

The Group has only one business segment viz. Gems and Jewellery, which is being considered as the primary segment.

The financial information about business segment is not applicable since segment results / revenue / assets of the wind mill business are not more than 10 percent of the combined business results / revenue / assets.

The information regarding the secondary segment, i.e. 'geographical segments' is given separately in **Annexure XII**.

9. On 23 May 2007 a survey was carried on by the Assistant Director / Assistant Commissioner of Income Tax, Mumbai at the Mumbai offices of the Company. Physical verification of stock of polished diamonds was carried out and excess stock of 1,352.63 carats was found as compared to book stock.

   Since polished diamonds stock were lying at different locations and in different packets immediate reconciliation was not possible and to buy peace an amount of Rs.20.29 million being value of excess stock was voluntarily offered as income for the year ended 31 March 2008.

10. In the opinion of the group management, current assets, loans, advances and deposits are approximately of the value stated, if realised in the ordinary course of business.

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - V : Statements of Restated Consolidated Sundry Debtors

(Rs. in millions)

	PARTICULARS	As at 30-Sep-09	As at 31-Mar-09	As at 31-Mar-08	As at 31-Mar-07	As at 31-Mar-06	As at 31-Mar-05
	(Unsecured, considered good unless otherwise stated)						
	Considered good	10,901.58	10,412.71	8,243.23	6,226.72	5,437.54	3,961.17
	Considered doubtful	12.01	8.92	6.99	7.28	4.02	-
		10,913.59	10,421.63	8,250.22	6,234.00	5,441.56	3,961.17
	Less : Provision for doubtful debts	12.01	8.92	6.99	7.28	4.02	-
		10,901.58	**10,412.71**	**8,243.23**	**6,226.72**	**5,437.54**	**3,961.17**
	Includes:						
	Receivables from related parties						
	C Mahendra Exports (Shanghai) Ltd.	-	4.12	3.89	0.57	2.76	-
	Selection Inc.	-	-	431.80	673.48	-	-
	Champak K. Mehta	-	-	0.16	-	-	-
	Pravin K. Mehta	-	-	0.14	-	-	-
	C Mahendra Exports (HK)	-	-	0.06	-	-	-
	Minal Engineering Ltd.	-	-	0.05	-	-	-
		-	**4.12**	**436.10**	**674.05**	**2.76**	**-**

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - VI : Statement of Restated Consolidated Loans and Advances

(Rs. in millions)

PARTICULARS	As at 30-Sep-09	As at 31-Mar-09	As at 31-Mar-08	As at 31-Mar-07	As at 31-Mar-06	As at 31-Mar-05
Unsecured and considered good, unless otherwise stated						
Loans / advances to related parties:						
Prakash K. Mehta (HUF)	-	-	-	-	0.02	-
Mahendra C. Shah	0.01	0.01	0.01	-	-	-
Loans to staffs	5.09	4.69	8.97	9.97	6.29	2.80
Loans to others	11.64	9.95	39.98	1.88	3.96	1.08
Receivable from M/s. C. Mahendra Infojewels	234.52	324.52	-	-	-	-
Advances recoverable in cash or in kind for value to be received	457.56	442.53	130.16	57.73	78.48	52.61
Deposits with Government, Public Bodies, etc.	43.40	44.67	45.76	44.64	40.60	8.36
MAT credit entitlement	62.48	61.68	51.68	5.68	-	-
Taxes paid (Advance tax and TDS receivable)	300.61	299.76	253.92	201.52	180.37	200.07
Fringe benefit tax paid	5.41	5.03	4.48	3.41	1.83	-
Total	**1,120.72**	**1,192.84**	**534.96**	**324.83**	**311.55**	**264.92**

Note:

Loans to staff / loans and advances to related parties are interest free.

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - VII : Statement of Restated Consolidated Secured Loans

(Rs. in millions)

PARTICULARS	As at 30-Sep-09	As at 31-Mar-09	As at 31-Mar-08	As at 31-Mar-07	As at 31-Mar-06	As at 31-Mar-05
Short term working capital loans from banks	9,038.51	9,327.86	7,594.75	5,817.32	5,432.26	3,592.20
Interest accrued and due on the above	13.41	14.90	2.68	0.89	3.27	0.84
Short term Gold loans from bank	36.77	28.55	106.31	94.17	191.87	-
Short term demand loans from bank	23.00	-	-	154.25	-	23.06
Interest accrued and due on the above	0.64	-	-	-	-	-
Short term vehicle loan from bank	-	-	-	0.01	0.16	0.28
Long term loans from banks	288.75	351.38	431.88	359.37	11.39	-
Interest accrued and due on the above	2.76	6.19	4.16	6.26	-	-
Total	**9,403.84**	**9,728.88**	**8,139.78**	**6,432.27**	**5,638.95**	**3,616.38**

Notes:

Working capital loans are secured by hypothecation of stocks, bills, receivable, book debts, moveable plant & machinery and other moveables as well as the equitable mortgage of various properties including land & building in the name of the Company, directors, relatives and associate companies and lien on fixed deposits with the bank, keyman insurance policies and deposits with Bharat Diamond Bourse.

Term loans are secured by hypothecation of plant and machineries, equitable mortgage of land on which Wind Mill project is errected and personal guarantee of directors, relatives and corporate guarantee of associate companies.

Gold loan is secured by hypothecation of stocks, collateral securities of property, personal guarantee of partners of the subsidiary entity and bank guarantee.

Vehicles loan is secured by hypothecation of vehicles acquired.

Demand loans from bank is secured by personal gurantee of directors and relatives.

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - VIII : Statement of Restated Consolidated Unsecured Loans

(Rs. in millions)

PARTICULARS	As at 30-Sep-09	As at 31-Mar-09	As at 31-Mar-08	As at 31-Mar-07	As at 31-Mar-06	As at 31-Mar-05
From directors / partners / members/ shareholders *	2,351.40	2,415.12	2,369.39	2,103.84	915.85	637.09
From others	43.60	44.58	82.40	84.63	1,054.67	36.23
Total	**2,395.00**	**2,459.70**	**2,451.79**	**2,188.47**	**1,970.52**	**673.32**

Notes:

* The loans are interest free.

The above loans have no fixed repayment schedule.

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - IX : Statement of Restated Consolidated Other Income

(Rs. in millions)

PARTICULARS	Period ended 30-Sep-09	Year ended 31-Mar-09	Year ended 31-Mar-08	Year ended 31-Mar-07	Year ended 31-Mar-06	Year ended 31-Mar-05
Sales tax refund	-	-	0.47	0.23	-	-
Interest on loans and deposits	5.05	16.16	12.62	10.48	6.28	4.72
Interest on income tax refund	-	-	-	0.04	-	-
Stock disclosed during income tax survey (refer paragraph C (9) in Annexure IV)	-	-	20.29	-	-	-
Exchange difference (net)	-	61.39	-	-	-	97.95
Commission and brokerage received	-	-	-	0.03	3.73	7.63
Profit on sale of fixed assets (net)	-	-	-	-	0.23	4.02
Licence premium received	-	-	-	-	1.02	0.38
Compensation received	-	-	-	1.21	-	-
Miscellaneous income	1.87	8.88	3.24	0.91	2.26	0.67
Total	**6.92**	**86.43**	**36.62**	**12.90**	**13.52**	**115.37**

1. Exchange difference (net) represent net gain arising during the year/period on foreign currency transactions entered by the Group in the normal course of its business and depending upon movement in exchange rate, volume of foreign currency transactions, the group may have exchange gain/ (loss) in future period.

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - X : Statement of Restated Consolidated Contingent Liabilities

(Rs. in millions)

PARTICULARS	As at 30-Sep-09	As at 31-Mar-09	As at 31-Mar-08	As at 31-Mar-07	As at 31-Mar-06	As at 31-Mar-05
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	13.22	15.07	55.75	-	-	-
Bank guarantee to the President of India (Custom authorities).	0.05	0.05	0.05	0.61	2.22	2.13
Bond executed in favour of President of India (Custom authorities) for imports under EPCG scheme.	0.14	0.14	0.14	0.13	9.57	8.22
Bank guarantee given to bank in favour of the President of India towards provisional release of seized goods.	-	-	-	7.66	-	-
Bond executed in favour of The President of India towards provisional release of seized goods.	30.62	30.62	30.62	30.62	-	-
Bond executed in favour of The President of India towards manufacture of goods for exports.	10.00	20.00	20.00	-	-	-
Bank gurantee given to bank for Gold loan.	-	-	100.00	-	-	-
Bond executed in favour of Octroi authorities.	0.03	0.03	0.03	0.03	0.18	0.14
Disputed income tax liabilities.	0.45	-	-	2.64	-	-
Disputed custom duty liabilities	11.00	11.00	11.00	-	-	-
Disputed service tax liabilities	0.24	0.24	0.24	-	-	-
Total	**65.75**	**77.15**	**217.83**	**41.69**	**11.97**	**10.49**

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - XI : Statement of Restated Consolidated Related Party Transactions

(Rs. in millions)

PARTICULARS	Nature of relationship	Period ended 30-Sep-09	Year ended 31-Mar-09	Year ended 31-Mar-08	Year ended 31-Mar-07	Year ended 31-Mar-06	Year ended 31-Mar-05
Sale of polished diamonds							
Ciemme Inc.	Enterprises in which relatives of key management have significant influence	-	-	-	-	7.97	-
C. Mahendra Exports LLC	Enterprises in which relatives of key management have significant influence	-	-	-	-	22.02	-
C. Mahendra Exports (Shanghai) Ltd.	Enterprises in which key management personnel have significant influence (upto 03.01.2007)	-	-	-	26.53	-	-
Ciemme Limited (Hong Kong)	Enterprises in which relatives of key management have significant influence	-	-	-	3.79	-	-
Selection Inc.	Enterprises in which relatives of key management have significant influence (upto 31.12.2008)	-	165.68	-	-	-	-
	Total	**-**	**165.68**	**-**	**30.32**	**29.99**	**-**
Sale of diamond studded jewellery							
Selection Inc.	Enterprises in which key management personnel have significant influence (upto 31.12.2008)	-	38.59	194.85	496.69	-	-
Champak K. Mehta	Key management personnel / partner	-	0.01	0.17	-	-	-
Minal Engineering Ltd.	Enterprises in which key management personnel have significant influence (upto 31.12.2008)	-	3.54	0.05	-	-	-
Pravin K. Mehta	Key management personnel / partner (upto 03.02.2008)	-	-	0.14	-	-	-
Sandeep M. Shah	Key management personnel / partner	-	0.01	-	-	-	-
Mahendra C. Shah	Key management personnel / partner	-	0.33	-	-	-	-
	Total	**-**	**42.48**	**195.21**	**496.69**	**-**	**-**
Purchases of polished diamonds							
C. Mahendra Exports LLC	Enterprises in which relatives of key management have significant influence	-	-	-	-	5.03	-
Ciemme Inc.	Enterprises in which relatives of key management have significant influence	-	-	-	-	4.62	-
C. Mahendra Jewels Pvt. Ltd.	Enterprises in which key management personnel have significant influence	-	-	-	-	-	9.59
C. Mahendra Exports (Shanghai) Ltd.	Enterprises in which relatives of key management have significant influence (w.e.f. 04.01.2007)	-	-	1.08	16.28	-	-
Selection Inc.	Enterprises in which key management personnel have significant influence (upto 31.12.2008)	-	119.35	110.90	39.29	-	-
Ciemme Limited (Hong Kong)	Enterprises in which relatives of key management have significant influence	-	-	-	22.83	-	-
	Total	**-**	**119.35**	**111.98**	**78.40**	**9.65**	**9.59**
Purchases of rough diamond							
C. M. Gems BVBA	Enterprises in which relatives of key management have significant influence	-	-	-	-	-	10.14
	Total	**-**	**-**	**-**	**-**	**-**	**10.14**
Purchase of jewellery							
Ciemme Limited (Hong Kong)	Enterprises in which relatives of key management have significant influence	-	-	-	29.89	-	-
Selection Inc.	Enterprises in which key management personnel have significant influence (upto 31.12.2008)	-	0.23	-	-	-	-
	Total	**-**	**0.23**	**-**	**29.89**	**-**	**-**
Purchase of gold							
Selection Inc.	Enterprises in which key management personnel have significant influence (upto 31.12.2008)	-	41.58	80.28	-	-	-
	Total	**-**	**41.58**	**80.28**			
Purchases of raw materials							
C. Mahendra Jewels Pvt. Ltd.	Enterprises in which key management personnel have significant influence	-	-	-	-	11.32	109.65

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - XI : Statement of Restated Consolidated Related Party Transactions

(Rs. in millions)

PARTICULARS	Nature of relationship	Period ended 30-Sep-09	Year ended 31-Mar-09	Year ended 31-Mar-08	Year ended 31-Mar-07	Year ended 31-Mar-06	Year ended 31-Mar-05
Selection Inc.	Enterprises in which key management personnel have significant influence (upto 31.12.2008)	-	6.45	1.02	18.77	-	-
Minal Engineering Ltd.	Enterprises in which key management personnel have significant influence (upto 31.12.2008)	-	-	0.01	-	-	-
	Total	**-**	**6.45**	**1.03**	**18.77**	**11.32**	**109.65**
Purchase of shares							
Champak K. Mehta	Key management personnel / partner	-	-	0.06	-	-	-
Mahendra C. Shah	Key management personnel / partner	-	-	0.06	-	-	-
Prakash K. Mehta	Relative of key management personnel (w.e.f. 04.01.2007)	-	-	161.42	-	-	-
	Total	**-**	**-**	**161.54**	**-**	**-**	**-**
Purchase of consumable							
Selection Inc.	Enterprises in which key management personnel have significant influence (upto 31.12.2008)	-	-	-	2.08	-	-
Minal Engineering Ltd.	Enterprises in which key management personnel have significant influence (upto 31.12.2008)	-	-	-	0.11	-	-
	Total	**-**	**-**	**-**	**2.19**	**-**	**-**
Purchases of machinery							
C. Mahendra Jewels Pvt. Ltd.	Enterprises in which key management personnel have significant influence	-	-	-	-	-	2.98
	Total	**-**	**-**	**-**	**-**	**-**	**2.98**
Rent expense							
Allright Trading Pvt. Ltd.	Enterprises in which key management personnel have significant influence (upto 03.02.2008)	-	-	0.24	0.24	-	-
Allright Trading Pvt. Ltd.	Enterprises in which relatives of key management have significant influence (w.e.f. 04.02.2008)	0.12	0.24	-	-	-	-
Ashesha Trading Pvt. Ltd.	Enterprises in which key management personnel have significant influence	0.12	0.24	0.24	0.24	-	-
Polo Developers Pvt. Ltd.	Enterprises in which key management personnel have significant influence	0.12	0.24	0.24	0.24	-	-
Prakash K. Mehta	Relative of key management personnel (w.e.f. 04.01.2007)	3.50	6.40	5.83	-	-	-
	Total	**3.86**	**7.12**	**6.55**	**0.72**	**-**	**-**

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - XI : Statement of Restated Consolidated Related Party Transactions

(Rs. in millions)

PARTICULARS	Nature of relationship	Period ended 30-Sep-09	Year ended 31-Mar-09	Year ended 31-Mar-08	Year ended 31-Mar-07	Year ended 31-Mar-06	Year ended 31-Mar-05
Interest expenses							
Alka K. Shah	Relative of key management personnel	0.16	0.31	0.31	0.31	-	0.03
C. K. Shah (HUF)	Enterprises in which key management personnel have significant influence (upto 03.02.2008)	-	-	0.04	0.04	0.06	0.07
C. K. Shah (HUF)	Enterprises in which relatives of key management have significant influence (w.e.f. 04.02.2008)	-	0.03	-	-	-	-
Champak K. Mehta (HUF)	Enterprises in which key management personnel have significant influence	-	0.05	0.05	0.04	0.02	0.05
Dipika C. Mehta	Relative of key management personnel	0.01	0.01	0.02	0.04	0.06	0.13
Hansa P. Mehta	Relative of key management personnel	0.02	0.01	0.01	0.01	-	-
Hemali J. Shah	Relative of key management personnel	0.12	0.22	0.21	0.20	-	-
Kanu C. Shah (HUF)	Enterprises in which key management personnel have significant influence (upto 03.02.2008)	-	-	0.02	0.02	0.02	0.02
Kanu C. Shah (HUF)	Enterprises in which relatives of key management have significant influence (w.e.f. 04.02.2008)	-	0.02	-	-	-	-
Krupa S. Shah Nayna	Relative of key management personnel	0.02	-	-	-	-	-
P. Mehta Pravin C.	Relative of key management personnel	0.18	0.36	0.35	0.35	-	0.14
Shah (HUF)	Enterprises in which key management personnel have significant influence (upto 03.02.2008)	-	-	0.01	0.01	0.01	0.01
Pravin C. Shah (HUF)	Enterprises in which relatives of key management have significant influence (w.e.f. 04.02.2008)	-	0.01	-	-	-	-
Rasilaben M. Shah	Relative of key management personnel	0.02	0.01	-	0.02	0.02	0.12

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - XI : Statement of Restated Consolidated Related Party Transactions

(Rs. in millions)

PARTICULARS	Nature of relationship	Period ended 30-Sep-09	Year ended 31-Mar-09	Year ended 31-Mar-08	Year ended 31-Mar-07	Year ended 31-Mar-06	Year ended 31-Mar-05
Sweety P. Shah	Relative of key management personnel (upto 03.02.2008)	-	-	0.05	0.05	0.05	0.02
Vimlaben K. Mehta	Relative of key management personnel	-	0.01	0.01	0.01	0.01	0.02
	Total	**0.53**	**1.04**	**1.08**	**1.10**	**0.25**	**0.61**
Commission expenses							
Vikram M. Shah	Relative of key management personnel	-	-	-	0.53	-	-
	Total	**-**	**-**	**-**	**0.53**	**-**	**-**
Labour charges expenses							
C. Mahendra Diamonds Manufacturing Pvt. Ltd.	Enterprises in which key management personnel have significant influence	-	-	-	-	-	50.62
	Total	**-**	**-**	**-**	**-**	**-**	**50.62**
Remuneration							
Champak K. Mehta	Key management personnel / partner	2.10	4.20	1.05	-	-	-
Mahendra C. Shah	Key management personnel / partner	2.16	4.32	1.08	-	-	-
Sandeep M. Shah	Key management personnel / partner	1.32	2.64	0.66	-	-	-
Prakash K. Mehta	Relative of key management personnel (w.e.f. 04.01.2007)	5.67	10.71	8.89	-	-	-
Kanu C. Shah	Relative of key management personnel (w.e.f. 04.01.2007)	2.16	4.32	-	-	-	-
	Total	**13.41**	**26.19**	**11.68**	**-**	**-**	**-**

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - XI : Statement of Restated Consolidated Related Party Transactions

(Rs. in millions)

PARTICULARS	Nature of relationship	Period ended 30-Sep-09	Year ended 31-Mar-09	Year ended 31-Mar-08	Year ended 31-Mar-07	Year ended 31-Mar-06	Year ended 31-Mar-05
Loans taken							
Alka K. Shah	Relative of key management personnel	-	-	-	0.75	4.06	9.94
Champak K. Mehta	Key management personnel / partner	5.91	321.96	209.65	517.89	209.33	179.05
Dipika C. Mehta	Relative of key management personnel	-	0.24	-	0.10	0.19	-
Hansa P. Mehta	Relative of key management personnel	-	0.36	-	0.25	0.66	-
Hemali J. Shah	Relative of key management personnel	-	-	-	-	2.20	-
Jignesh M. Shah	Relative of key management personnel (w.e.f. 01.07.2005)	-	-	-	-	182.09	-
Kanu C. Shah	Key management personnel / partner (upto 03.01.2007)	-	-	-	224.33	-	-
Kanu C. Shah	Relative of key management personnel (w.e.f. 04.01.2007)	7.08	26.03	20.44	0.14	-	-
Krupa S. Shah	Relative of key management personnel	-	0.36	-	-	-	-
Kevin P. Mehta	Relative of key management personnel (upto 31.03.2006)	-	-	-	-	-	0.26
Kevin P. Mehta	Key management personnel / partner (upto 03.01.2007)	-	-	-	10.39	-	-
Kevin P. Mehta	Relative of key management personnel (w.e.f. 04.01.2007)	-	-	-	12.51	-	-
Mahendra C. Shah	Key management personnel / partner	41.09	320.65	22.28	549.88	69.44	157.99
Master Abhishek S. Mehta	Relative of key management personnel (upto 03.02.2008)	-	-	-	9.28	-	-
Master Meet K. Shah	Relative of key management personnel (upto 03.02.2008)	-	-	-	9.28	-	-
Master Parth K. Shah	Relative of key management personnel (upto 03.02.2008)	-	-	-	9.28	-	-
Master Utsav Pravin Mehta	Relative of key management personnel (upto 03.02.2008)	-	-	-	9.28	-	-
Nayna P. Mehta	Relative of key management personnel	-	-	-	0.85	0.11	-
Paras C. Mehta	Key management personnel / partner (upto 03.01.2007)	-	-	-	165.74	-	-
Paras C. Mehta	Relative of key management personnel (w.e.f. 04.01.2007)	0.25	0.46	-	0.10	-	-
Prakash K. Mehta	Key management personnel / partner (upto 03.01.2007)	-	-	-	536.84	-	10.76
Prakash K. Mehta	Relative of key management personnel (w.e.f. 04.01.2007)	0.80	12.91	214.37	0.33	-	-
Pravin K. Mehta	Key management personnel / partner (upto 03.02.2008)	-	-	1.10	250.40	-	1.49
Pravin K. Mehta	Relative of key management personnel (w.e.f. 04.02.2008)	-	10.66	-	-	-	-
Pravin C. Shah	Key management personnel / partner (upto 03.02.2008)	-	-	65.33	321.04	-	0.50
Pravin C. Shah	Relative of key management personnel (w.e.f. 04.02.2008)	2.20	93.92	-	-	-	-
Ramila P. Shah	Relative of key management personnel	-	-	-	-	-	5.86
Rasilaben M. Shah	Relative of key management personnel	0.10	0.36	-	-	0.85	-
Sadhana S. Mehta	Relative of key management personnel	-	0.24	-	0.40	-	-

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - XI : Statement of Restated Consolidated Related Party Transactions

(Rs. in millions)

PARTICULARS	Nature of relationship	Period ended 30-Sep-09	Year ended 31-Mar-09	Year ended 31-Mar-08	Year ended 31-Mar-07	Year ended 31-Mar-06	Year ended 31-Mar-05
Samir P. Shah	Key management personnel / partner (upto 03.01.2007)	-	-	-	95.59	-	-
Samir P. Shah	Relative of key management personnel (w.e.f. 04.01.2007) (upto 03.02.2008)	-	-	3.46	30.08	-	-
Sandeep M. Shah	Key management personnel / partner	0.50	1.95	4.35	181.94	-	3.30
Sweety P. Shah	Relative of key management personnel (upto 03.02.2008)	-	-	-	-	-	0.50
Suken P. Shah	Key management personnel / partner (upto 03.01.2007)	-	-	-	8.60	-	-
Suken P. Shah	Relative of key management personnel (w.e.f. 04.01.2007) (upto 03.02.2008)	-	-	3.94	17.36	-	-
Suresh K. Mehta	Key management personnel / partner (upto 03.01.2007)	-	-	-	133.57	-	-
Suresh K. Mehta	Relative of key management personnel (w.e.f. 04.01.2007)	1.00	11.20	12.01	23.47	-	-
	Total	**58.93**	**801.30**	**556.93**	**3,119.67**	**468.93**	**369.65**

PARTICULARS	Nature of relationship	Period ended 30-Sep-09	Year ended 31-Mar-09	Year ended 31-Mar-08	Year ended 31-Mar-07	Year ended 31-Mar-06	Year ended 31-Mar-05
Loan repaid							
Alka K. Shah	Relative of key management personnel	0.15	0.21	0.05	0.90	0.20	0.07
C. K. Shah (HUF)	Enterprises in which key management personnel have significant influence (upto 03.02.2008)	-	-	0.03	0.03	0.30	-
C. K. Shah (HUF)	Enterprises in which relatives of key management have significant influence (w.e.f. 04.02.2008)	-	0.43	-	-	-	-
Champak K. Mehta	Key management personnel / partner	19.80	103.81	248.24	115.48	-	18.55
Champak K. Mehta (HUF)	Enterprises in which key management personnel have significant influence	-	0.53	0.02	0.02	0.02	0.01
Dipika C. Mehta	Relative of key management personnel	-	0.12	0.14	0.33	0.70	0.38
Hansa P. Mehta	Relative of key management personnel	-	0.07	-	0.25	0.60	-
Hemali J. Shah	Relative of key management personnel	0.59	0.07	0.05	0.02	0.05	-
Jignesh M. Shah	Relative of key management personnel (w.e.f. 01.07.2005)	-	0.08	2.64	0.20	172.05	-
Kanu C. Shah	Relative of key management personnel (w.e.f. 04.01.2007)	1.52	11.41	12.89	121.47	-	-
Kanu C. Shah (HUF)	Enterprises in which key management personnel have significant influence (upto 03.02.2008)	-	-	0.02	0.02	0.01	0.01
Kanu C. Shah (HUF)	Enterprises in which relatives of key management have significant influence (w.e.f. 04.02.2008)	-	0.22	-	-	-	-
Kevin P. Mehta	Relative of key management personnel (w.e.f. 31.03.2006)	-	-	-	-	0.06	-
Kevin P. Mehta	Key management personnel / partner (upto 03.01.2007)	-	-	-	0.20	-	-
Kevin P. Mehta	Relative of key management personnel (w.e.f. 04.01.2007)	-	-	0.54	10.07	-	-
Mahendra C. Shah	Key management personnel / partner	60.22	36.79	16.44	299.46	-	25.29
Mahendra C. Shah (HUF)	Enterprises in which key management personnel have significant influence	-	0.02	0.01	0.01	0.01	0.01
Monghiben C. Shah	Relative of key management personnel	-	-	-	0.40	-	-
Nayna P. Mehta	Relative of key management personnel	0.15	0.38	0.03	1.04	0.39	1.86
Paras C. Mehta	Relative of key management personnel (w.e.f. 04.01.2007)	0.82	1.70	6.69	70.58	-	-
Prakash K. Mehta	Relative of key management personnel (w.e.f. 04.01.2007)	1.00	12.37	10.69	105.26	-	-
Prakash K. Mehta (HUF)	Enterprises in which key management personnel have significant influence	-	-	-	-	-	0.05
Pravin C. Shah	Key management personnel / partner (upto 03.02.2008)	-	-	45.96	147.55	-	-
Pravin C. Shah	Relative of key management personnel (w.e.f. 04.02.2008)	3.08	15.07	-	-	-	-
Pravin C. Shah (HUF)	Enterprises in which key management personnel have significant influence (upto 03.02.2008)	-	-	0.01	0.01	0.01	0.02
Pravin C. Shah (HUF)	Enterprises in which relatives of key management have significant influence (w.e.f. 04.02.2008)	-	0.08	-	-	-	-
Pravin K. Mehta	Key management personnel / partner (upto 03.02.2008)	-	-	13.48	109.16	-	1.53
Pravin K. Mehta	Relative of key management personnel (w.e.f. 04.02.2008)	2.36	5.35	-	-	-	-
Ramila P. Shah	Relative of key management personnel	-	-	-	-	-	5.86
Rasilaben M. Shah	Relative of key management personnel	0.10	-	0.01	0.22	0.73	2.64

PARTICULARS	Nature of relationship	Period ended 30-Sep-09	Year ended 31-Mar-09	Year ended 31-Mar-08	Year ended 31-Mar-07	Year ended 31-Mar-06	Year ended 31-Mar-05
Samir P. Shah	Relative of key management personnel (w.e.f. 04.01.2007) (upto 03.02.2008)	-	-	0.47	55.38	-	-
Sandeep M. Shah	Key management personnel / partner	0.31	1.53	1.88	80.38	-	-
Suken P. Shah	Relative of key management personnel (w.e.f. 04.01.2007) (upto 03.02.2008)	-	-	2.18	10.09	-	-
Suresh K. Mehta	Relative of key management personnel (w.e.f. 04.01.2007)	1.18	10.84	13.02	68.85	-	-
Sweety P. Shah	Relative of key management personnel (upto 03.02.2008)	-	-	0.07	0.01	-	-
Vikram M. Shah	Relative of key management personnel	0.09	0.07	0.15	0.14	0.12	0.43
Vimlaben K. Mehta	Relative of key management personnel	-	-	-	-	-	0.26
	Total	**91.37**	**201.15**	**375.71**	**1,197.53**	**175.25**	**56.97**
Loan given							
C. Mahendra Exports (Shanghai) Ltd.	Enterprises in which key management personnel have significant influence (upto 03.01.2007)	-	-	-	-	2.76	-
Prakash K. Mehta	Key management personnel / partner (upto 03.01.2007)	-	-	-	-	-	0.70
Prakash K. Mehta (HUF)	Enterprises in which key management personnel have significant influence	-	-	-	-	0.02	-
	Total	**-**	**-**	**-**	**-**	**2.78**	**0.70**
Loan received back							
C. Mahendra Exports (Shanghai) Ltd.	Enterprises in which key management personnel have significant influence (upto 03.01.2007)	-	-	-	2.16	-	-
Prakash K. Mehta	Key management personnel / partner (upto 03.01.2007)	-	-	-	-	0.71	-
	Total	**-**	**-**	**-**	**2.16**	**0.71**	**-**
Balance receivable							
Prakash K. Mehta (HUF)	Enterprises in which key management personnel have significant influence	-	-	-	-	0.02	-
Pravin K. Mehta	Key management personnel / partner (upto 03.02.2008)	-	-	0.14	-	-	-
C. Mahendra Exports (Shanghai) Ltd.	Enterprises in which key management personnel have significant influence (upto 03.01.2007)	-	-	-	0.57	2.76	-
C. Mahendra Exports (Shanghai) Ltd.	Enterprises in which relatives of key management have significant influence (w.e.f. 04.01.2007)	-	4.12	3.89	-	-	-
Selection Inc.	Enterprises in which key management personnel have significant influence (upto 31.12.2008)	-	-	431.80	673.48	-	-
Champak K. Mehta	Key management personnel / partner	-	-	0.16	-	-	-
Minal Engineering Ltd.	Enterprises in which key management personnel have significant influence (upto 31.12.2008)	-	-	0.05	-	-	-
Mahendra C. Shah	Key management personnel / partner	0.01	0.01	0.01	-	-	-
C Mahendra Exports HK	Enterprises in which relatives of key management have significant influence	-	-	0.06	-	-	-
	Total	**0.01**	**4.13**	**436.11**	**674.05**	**2.78**	**-**
Balance payable	Relative of key management personnel						
Alka K. Shah	Enterprises in which key management	14.23	14.23	14.16	13.93	13.76	9.90
Allright Trading Pvt. Ltd.	personnel have significant influence (upto 03.02.2008)	-	-	-	0.36	-	-
Allright Trading Pvt. Ltd.	Enterprises in which relatives of key management have significant influence (w.e.f. 04.02.2008)	0.28	0.19	0.55	-	-	-
Ashesha Trading Pvt. Ltd.	Enterprises in which key management personnel have significant influence	0.28	0.19	0.55	0.36	-	-
C. K. Shah (HUF)	Enterprises in which key management personnel have significant influence (upto 03.02.2008)	-	-	-	0.43	0.42	0.67
C. K. Shah (HUF)	Enterprises in which relatives of key management have significant influence (w.e.f. 04.02.2008)	0.03	0.03	0.43	-	-	-
C. Mahendra Jewels Pvt. Ltd.	Enterprises in which key management personnel have significant influence	-	-	-	3.05	3.05	-

PARTICULARS	Nature of relationship	Period ended 30-Sep-09	Year ended 31-Mar-09	Year ended 31-Mar-08	Year ended 31-Mar-07	Year ended 31-Mar-06	Year ended 31-Mar-05
C. M. Gems BVBA	Enterprises in which relatives of key management have significant influence	-	-	-	-	-	57.39
C. Mahendra Diamonds Manufacturing Pvt. Ltd.	Enterprises in which key management personnel have significant influence	-	-	-	-	-	2.56
C. Mahendra Exports HK	Enterprises in which relatives of key management have significant influence	0.21	0.21	0.21	0.21	-	-
Ciemme Limited (Hong Kong)	Enterprises in which relatives of key management have significant influence	-	-	-	65.66	-	-
C. Mahenda Jewels (Texas)	Enterprises in which relatives of key management have significant influence	-	-	-	0.95	-	-
Champak K. Mehta	Key management personnel / partner	449.94	463.55	483.94	521.74	322.71	273.34
Champak K. Mehta (HUF)	Enterprises in which key management personnel have significant influence	0.04	0.04	0.53	0.51	0.49	0.49
Dipika C. Mehta	Relative of key management personnel	0.28	0.27	0.14	0.26	0.45	0.90
Hansa P. Mehta	Relative of key management personnel	0.38	0.36	0.07	0.07	0.06	-
Hemali J. Shah	Relative of key management personnel	2.11	2.60	2.47	2.33	2.15	-
Jignesh M. Shah	Key management personnel / partner (upto 30.06.2005)	-	-	-	-	-	2.45
Jignesh M. Shah	Relative of key management personnel (w.e.f. 01.07.2005)	9.57	9.57	9.65	12.65	12.49	-
Kanu C. Shah	Key management personnel / partner (upto 03.01.2007)	-	-	-	-	74.87	74.87
Kanu C. Shah	Relative of key management personnel (w.e.f. 04.01.2007)	161.17	154.27	139.22	131.68	-	-
Kanu C. Shah (HUF)	Enterprises in which key management personnel have significant influence (upto 03.02.2008)	-	-	-	0.22	0.22	0.21
Kanu C. Shah (HUF)	Enterprises in which relatives of key management have significant influence (w.e.f. 04.02.2008)	0.02	0.02	0.22	-	-	-
Kevin P. Mehta	Key management personnel / partner (upto 03.03.2006)	-	-	-	-	0.20	0.26
Kevin P. Mehta	Relative of key management personnel (w.e.f. 04.01.2007)	-	-	11.64	12.19	-	-
Krupa S. Shah Mahendra	Relative of key management personnel	0.37	0.36	-	-	-	-
C. Shah Mahendra C.	Key management personnel / partner	454.95	473.51	515.73	509.07	482.13	252.73
Shah (HUF)	Enterprises in which key management personnel have significant influence	-	-	0.02	0.03	0.03	0.04
Master Abhishek S. Mehta	Relative of key management personnel (upto 03.02.2008)	-	-	9.28	9.28	-	-
Master Meet K. Shah	Relative of key management personnel (upto 03.02.2008)	-	-	9.28	9.28	-	-
Master Parth K. Shah	Relative of key management personnel (upto 03.02.2008)	-	-	9.28	9.28	-	-
Master Utsav Pravin Mehta	Relative of key management personnel (upto 03.02.2008)	-	-	9.28	9.28	-	-
Monghiben C. Shah	Relative of key management personnel	5.18	5.18	5.18	5.18	5.58	5.58
Nayna P. Mehta	Relative of key management personnel	9.72	9.70	9.75	9.47	9.30	9.58
Paras C. Mehta	Key management personnel / partner (upto 03.01.2007)	-	-	66.59	73.28	-	-
Paras C. Mehta	Relative of key management personnel (w.e.f. 04.01.2007)	64.79	65.35	-	-	-	-
Polo Developers Pvt. Ltd.	Enterprises in which key management personnel have significant influence	0.28	0.19	0.55	0.36	-	-
Prakash K. Mehta	Key management personnel / partner (upto 03.01.2007)	-	-	-	-	10.90	10.20
Prakash K. Mehta	Relative of key management personnel (w.e.f. 04.01.2007)	748.07	780.54	669.29	383.56	-	-
Pravin C. Shah	Key management personnel / partner (upto 03.02.2008)	-	-	-	129.10	0.50	0.50
Pravin C. Shah	Relative of key management personnel (w.e.f. 04.02.2008)	226.44	227.33	148.48	-	-	-
Pravin C. Shah (HUF)	Enterprises in which key management personnel have significant influence (upto 03.02.2008)	-	-	-	0.09	0.09	0.09
Pravin C. Shah (HUF)	Enterprises in which relatives of key management have significant influence (w.e.f. 04.02.2008)	0.01	0.01	0.08	-	-	-
Pravin K. Mehta	Key management personnel / partner (upto 03.02.2008)	-	-	-	121.45	19.75	19.75
Pravin K. Mehta	Relative of key management personnel (w.e.f. 04.02.2008)	112.02	114.38	109.06	-	-	-
Rasilaben M. Shah	Relative of key management personnel	0.43	0.42	0.05	0.06	0.25	0.12
Samir P. Shah	Relative of key management personnel (w.e.f. 04.01.2007) (upto 03.02.2008)	-	-	58.31	56.26	-	-
Sandeep M. Shah	Key management personnel / partner	87.48	87.05	86.95	83.94	5.00	5.00

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - XI : Statement of Restated Consolidated Related Party Transactions

(Rs. in millions)

PARTICULARS	Nature of relationship	Period ended 30-Sep-09	Year ended 31-Mar-09	Year ended 31-Mar-08	Year ended 31-Mar-07	Year ended 31-Mar-06	Year ended 31-Mar-05
Sadhana S. Mehta	Relative of key management personnel	0.24	0.24	-	-	-	-
Suken P. Shah	Relative of key management personnel (w.e.f. 04.01.2007) (upto 03.02.2008)	-	-	16.90	15.14	-	-
Suresh K. Mehta	Relative of key management personnel (w.e.f. 04.01.2007)	65.60	65.78	65.41	66.42	-	-
Sweety P. Shah	Relative of key management personnel (upto 03.02.2008)	-	-	0.58	0.60	0.56	0.52
Vikram M. Shah	Relative of key management personnel	1.86	1.86	1.92	2.07	2.20	2.32
Vimlaben K. Mehta	Relative of key management personnel	-	0.09	0.08	0.08	0.07	0.06
Selection Inc.	Enterprises in which key management personnel have significant influence (upto 31.12.2008)	-	-	4.23	0.37	-	-
Minal Engineering Ltd.	Enterprises in which key management personnel have significant influence (upto 31.12.2008)	-	-	-	0.27	-	-
	Total	**2,415.98**	**2,477.52**	**2,460.06**	**2,260.52**	**967.23**	**729.53**

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - XII : Statement of Restated Consolidated Segment Information

(Rs. in millions)

PARTICULARS	As at 30-Sep-09	As at 31-Mar-09	As at 31-Mar-08	As at 31-Mar-07	As at 31-Mar-06	As at 31-Mar-05
Segment Revenue						
Outside India	7,077.48	13,579.42	14,948.94	15,320.51	10,224.25	8,379.19
Within India	1,091.14	1,757.98	2,370.93	1,259.30	253.50	11.75
Total	**8,168.62**	**15,337.40**	**17,319.87**	**16,579.81**	**10,477.75**	**8,390.94**
Segment Assets						
Outside India	12,387.69	11,284.33	9,065.18	7,837.11	6,768.83	4,630.33
Within India	7,512.96	8,411.51	7,827.16	6,719.40	6,034.49	3,812.87
Total	**19,900.65**	**19,695.84**	**16,892.34**	**14,556.51**	**12,803.32**	**8,443.20**
Goodwill on consolidation	**-**	**-**	**-**	**12.45**	**18.23**	**9.75**
Additions to fixed assets						
Within India	4.03	39.66	227.21	133.85	749.28	62.52
Outside India	3.36	0.76	5.64	41.19	25.97	44.21
Total	**7.39**	**40.42**	**232.85**	**175.04**	**775.25**	**106.73**

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - XIII : Statement of Restated Consolidated Capitalisation Statement

(*Rs. in millions*)

Particulars	Pre Issue as at 30-Sep-09	Post issue
Debts		
Short term debts	11,507.33	[●]
Long term debts	291.51	[●]
Total Debts	**11,798.84**	[●]
Shareholders Fund		
Equity Share capital	300.00	[●]
Reserves and surplus	2,186.56	[●]
Total Shareholders Funds	**2,486.56**	[●]
Long Term Debts/Shareholders Funds	**0.12**	[●]
Total Debts/Shareholders Funds	**4.75**	[●]

Notes:

1. The above ratio has been calculated on the basis of restated financial information of the Group.
2. The post-issue capitalisation would be provided after finalisation of the issue price of the equity.

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - XIV : Statement of Restated Consolidated Accounting Ratios

PARTICULARS	30-Sep-09	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06	31-Mar-05
Earning per Share (EPS)						
- Basic Earning Per Share (Rs.)	(1.33)	22.07	11.41	24.29	5.42	8.83
- Diluted Earning Per Share (Rs.)	(1.33)	22.07	11.41	24.29	5.42	8.83
Net Asset Value (NAV) (Rs.per share)	82.89	82.37	71.22	50.66	86.98	89.56
Return on Net Worth (RONW) (%)	(1.61)	26.79	16.02	40.69	6.24	9.86
Weighted average No. of Equity Shares outstanding at the end of the year/period	30,000,000	30,000,000	30,000,000	25,459,770	25,000,000	25,000,000
No. of Equity Shares outstanding at the end of the year/period	30,000,000	30,000,000	30,000,000	30,000,000	25,000,000	25,000,000

Notes:

1. **The Ratios has been computed as below:**

$$\text{Earning Per Share (Rs.)} = \frac{\text{Net Profit/(loss) after tax and minority interest}}{\text{Weighted average number of Equity Shares outstanding during the year/period}}$$

$$\text{Net Asset Value Per Share (Rs.)} = \frac{\text{Net Worth Excluding Revaluation Reserve}}{\text{Number of Equity Shares outstanding at the end of the year/period}}$$

$$\text{Return on Net Worth (\%)} = \frac{\text{Net Profit/(loss) after tax and minority interest X 100}}{\text{Net Worth Excluding Revaluation Reserve at the end year/period}}$$

2. The above ratios have been computed on the basis of the restated profits for the respective periods / years as per the Statement of Restated Consolidated Profit and Loss Account.

3. The status of the Company prior to 04 January 2007 was that of a partnership firm. Hence, EPS and NAV per share have been computed for all the periods/ years prior to 31 March 2007 by considering the number of shares outstanding as at 04 January

4. Earnings per Share is computed in accordance with Accounting Standard (AS) 20 “Earnings Per Share”.

C. MAHENDRA EXPORTS LIMITED

ANNEXURE - XV : Statement of Dividend paid/ proposed

(Rs. in millions)

Class of shares	Period ended 30-Sep-09	Year ended 31-Mar-09	Year ended 31-Mar-08	Year ended 31-Mar-07	Year ended 31-Mar-06	Year ended 31-Mar-05
Dividend proposed/paid	Nil	Nil	Nil	204.13	245.11	184.77

Note:

The status of the Company prior to 4 January 2007 was that of a partnership firm. The profit of the partnership firm for each period / year was distributed to partners in their profit/(loss) sharing ratio, which have been disclosed above for the relevant period/year.

GROUP COMPANIES

The following are our Group Companies:

(i) KPM Realty Private Limited
(ii) Ashesha Trading Private Limited
(iii) Polo Developers Private Limited
(iv) CM Infojewels Private Limited
(v) Infojewels (India) Private Limited
(vi) C. Mahendra Capital Private Limited
(vii) Allright Trading Private Limited
(viii) C. Mahendra Jewels Private Limited

1. KPM REALTY PRIVATE LIMITED ("KPMRPL")

Brief History

KPMRPL was originally incorporated as C. Mahendra Diamond Manufacturing Private Limited on November 19, 1993 with registration no. 11-75199 to engage *inter alia,* in the business of owning, buying, selling, possessing, developing, constructing, demolishing, rebuilding, renovating, repairing, maintaining, letting-out/renting-out, hiring, renting, leasing, pledging, mortgaging, or otherwise dealing in all types of properties. The name was changed to KPM Realty Private Limited on February 7, 2007. The registered office of KPMRPL is situated at1204, Panchratna, Opera House, Mumbai – 400 004, Maharashtra, India.

The authorised share capital of KPMRPL is Rs. 1 million.

Board of Directors of KPMRPL as on the date of Draft Red Herring Prospectus

Sr.No.	Directors
1.	Mr. Mahendra C. Shah
2.	Mr. Champaklal K. Mehta
3.	Mr. Kanu C. Shah
4.	Mr. Suresh K. Mehta

Shareholding Pattern of KPMRPL as on the date of Draft Red Herring Prospectus

The shareholding pattern of KPMRPL as on date is provided below:

Shareholder	No of equity shares	% shareholding
Mr. Mahendra C. Shah	10,505	48.85
Mr. Champaklal K. Mehta	10,005	46.51
Mr Kanu C. Shah	500	2.32
Mr. Suresh K. Mehta	500	2.32
Total	**21,510**	**100.00**

Financial Performance of KPMRPL for the last three years is as follows:

The audited financial results of KPMRPL for the last three financial years are as follows:

(Rs. in million except per share data)

Particulars	FY 2006-07	FY 2007-08	FY 2008-09
Total Income	0.32	Nil	Nil
Profit/ (Loss) After Tax	(0.20)	(0.33)	(0.38)
Equity capital *	0.22	0.22	0.22
Reserves	8.69	8.36	7.98
Earning per share (Rs.)	(9.80)	(15.38)	(17.67)
Net asset value (Rs.)	414.20	398.82	381.15

** Face value of Rs.10/- each*

KPMRPL is not listed in any of the stock exchanges in India or abroad and has not made any public /rights issue of its shares. Further, no action has been taken against the company by any stock exchange or SEBI.
KPMRPL does not fall under the definition of a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up.

KPMRPL does not have negative net worth.

2. ASHESHA TRADING PRIVATE LIMITED ("ATPL")

Brief History

ATPL was incorporated on January 29, 1998 with registration no. 11- 113314 to engage *inter alia,* in the business as a buyers, sellers, importers, distributor etc of trading in fabrics, engineering machine tools, surgical and musical instruments, packaged food products etc. The registered office of Ashesha Trading Private Limited is situated at: 26, Kadampalli Society, Near Sneh Milan Garden, Timaliyawad, Nanpura, Surat, Gujarat – 395 001.

The equity shares of ATPL are not listed on any stock exchange. The authorised share capital of ATPL is Rs. 0.1 million.

Board of directors of ATPL as on the date of Draft Red Herring Prospectus

Sr.No.	Directors
1.	Mr. Champaklal K. Mehta
2.	Mr. Pravin C. Shah
3.	Mr Kanu C. Shah
4.	Mr. Suresh K. Mehta

Shareholding Pattern of ATPL as on the date of Draft Red Herring Prospectus

The shareholding pattern of ATPL as at on date is provided below:

Shareholder	No. of Equity Shares held	% Shareholding
Mr Champaklal K. Mehta	250	25.00
Mr. Pravin C. Shah	250	25.00
Mr Kanu C. Shah	250	25.00
Mr. Suresh K. Mehta	250	25.00
Total	**1,000**	**100.00**

Financial Performance of ATPL for the last three years is as follows:

The audited financial results of ATPL for the last three financial years are as follows:

(Rs. in million except per share data)

Particulars	FY 2006-07	FY 2007-08	FY 2008-09
Total Income	0.24	0.24	0.24
Profit/ (Loss) After Tax	0.18	0.20	0.18
Equity capital *	0.10	0.10	0.10
Reserves	0.46	0.67	0.85
Earning per Share (Rs.)	180.00	200.00	180.00
Net Asset Value (Rs.)	561.00	765.00	946.00

**Face value of Rs.100/- each*

ATPL is not listed in any of the stock exchanges in India or abroad and has not made any public /rights issue of its shares. Further, no action has been taken against the company by any stock exchange or SEBI.
ATPL does not fall under the definition of a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up.
ATPL does not have negative net worth.

3. POLO DEVELOPERS PRIVATE LIMITED ("PDPL")

Brief History

PDPL was incorporated on October 6, 1997 with registration No. 11-111094 to engage *inter alia,* in the business of properties, as builders and developers. The registered office of PDPL is situated at 26 Kadampalli Society, Sneh Milan Garden, Timalyawad Nanpura, Surat, Gujarat – 395001.

The equity shares of PDPL are not listed on any stock exchange. The authorised share capital of PDPL is 0.1 million.

Board of directors of PDPL as on the date of Draft Red Herring Prospectus

Sr.No.	Directors
1.	Mr. Champaklal K. Mehta
2.	Mr. Pravin C. Shah

Shareholding Pattern of PDPL as on the date of Draft Red Herring Prospectus

The shareholding pattern of PDPL as on date is provided below:

Shareholder	No. of Equity Shares held	% Shareholding
Mr. Champaklal K. Mehta	500	50.00
Mr. Pravin C. Shah	500	50.00
Total	**1,000**	**100.00**

Financial Performance of PDPL for the last three years is as follows:

The audited financial results of PDPL for the last three financial years are as follows:

(Rs. in million except per share data)

Particulars	FY 2006-07	FY 2007-08	FY 2008-09
Total Income	0.24	0.24	0.24
Profit/ (Loss) After Tax	0.17	0.20	0.18
Equity capital*	0.10	0.10	0.10
Reserves	0.47	0.67	0.85
Earning per Share (Rs.)	177.29	196.44	180.92
Net Asset Value (Rs.)	574.66	771.10	952.00

**Face value of Rs.100/- each*

PDPL is not listed in any of the stock exchanges in India or abroad and has not made any public /rights issue of its shares. Further, no action has been taken against the company by any stock exchange or SEBI.

PDPL does not fall under the definition of a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up.

PDPL does not have negative net worth.

4. CM INFOJEWELS PRIVATE LIMITED ("CMIPL")

Brief History

CMIPL was incorporated on May 12, 2000 with registration no. 11-126475 to engage, in buying, selling, exporting, importing, dealing and manufacturing diamonds, precious stones, semi-precious stones, jewellery. The registered office of CMIPL is situated at 1204, Panchratna, Opera House, Mumbai- 400 004, Maharashtra, India.

The equity shares of CMIPL are not listed on any stock exchange. The authorised share capital of CMIPL is Rs. 0.5 million.

Board of directors of CMIPL as on the date of Draft Red Herring Prospectus

Sr.No.	Directors
1.	Mr. Mahendra C. Shah
2.	Mr. Champaklal K. Mehta

Shareholding Pattern of CMIPL as on the date of Draft Red Herring Prospectus

The shareholding pattern of CMIPL as on date is provided below:

Shareholder	No. of Equity Shares held	% Shareholding
Mr Mahendra C. Shah	5,000	50.00
Mr. Champaklal K. Mehta	5,000	50.00

Total	**10,000**	**100.00**

Financial Performance of CMIPL for the last three years is as follows:

The audited financial results of CMIPL for the last three financial years are as follows:

(Rs. in million except per share data)

Particulars	FY 2006-07	FY 2007-08	FY 2008-09
Total Income	NIL	NIL	NIL
Profit/ (Loss) After Tax	(0.006)	(0.007)	(0.008)
Equity capital *	0.10	0.10	0.10
Reserves	(0.04)	(0.04)	(0.05)
Earning per Share (Rs.)	(0.60)	(0.70)	(0.70)
Net Asset Value (Rs.)	6.26	5.41	4.66

**Face value of Rs.10/- per share*

CMIPL is not listed in any of the stock exchanges in India or abroad and has not made any public /rights issue of its shares. Further, no action has been taken against the company by any stock exchange or SEBI.

CMIPL does not fall under the definition of a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up.

CMIPL does not have negative net worth.

5. INFOJEWELS (INDIA) PRIVATE LIMITED ("IJIPL")

Brief History

IJIPL was incorporated on May 12, 2000 with registration number 11-126472 to engage *inter alia,* in the business of buying, selling, exporting, importing, dealing and manufacturing diamonds, precious stones, semi-precious stones and jewellery. The registered office is situated at 1204, Panchratna, Opera House, Mumbai – 400 004, Maharashtra, India.

The equity shares of IJIPL are not listed on any stock exchange. The authorised share capital of IJIPL is Rs. 0.5 million.

Board of directors of IJIPL as on the date of Draft Red Herring Prospectus:

Sr. No.	Directors
1.	Mr. Mahendra C. Shah
2.	Mr. Champaklal K. Mehta

Shareholding Pattern of IJIPL as on the date of Draft Red Herring Prospectus

The shareholding pattern of IJIPL as on date is provided below:

Shareholder	No. of Equity Shares held	% Shareholding
Mr Mahendra C. Shah	5,000	50.00
Mr. Champaklal K. Mehta	5,000	50.00
Total	**10,000**	**100.00**

Financial Performance of IJIPL for the last three years is as follows:

The audited financial results of IJIPL for the last three financial years are as follows:

(Rs. in million except per share data)

Particulars	FY 2006-07	FY 2007-08	FY 2008-09
Total Income	NIL	NIL	NIL
Profit/ (Loss) After Tax	(0.006)	(0.007)	(0.007)
Equity capital *	0.10	0.10	0.10
Reserves	(0.04)	(0.04)	(0.05)
Earning per Share (Rs.)	(0.60)	(0.70)	(0.70)
Net Asset Value (Rs.)	6.26	5.51	4.70

** Face value of Rs.10/- each*

IJIPL is not listed in any of the stock exchanges in India or abroad and has not made any public /rights issue of its shares. Further, no action has been taken against the company by any stock exchange or SEBI.

IJIPL does not fall under the definition of a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up.
IJIPL does not have negative net worth.

6. C. MAHENDRA CAPITAL PRIVATE LIMITED ("CMCPL")

Brief History

CMCPL was incorporated on October 9, 1995 with registration number 11-93417 to engage *inter alia,* in the business of investment in securities or give loan to any firm, company, concern, enterprise with or without security. CMCPL has been registered as a non-banking financial corporation not accepting public deposits ("NBFC") with registration no B- 13-01717. The registered office of CMCPL is situated at 1204, Panchratna, Opera House, Mumbai - 400004, Maharashtra, India.

The equity shares of CMCPL are not listed on any stock exchange. The authorised share capital of CMCPL is Rs. 30.00 million.

Board of directors of CMCPL as on the date of Draft Red Herring Prospectus:

Sr.No.	Directors
1.	Mr. Mahendra C. Shah
2.	Mr. Champaklal K. Mehta
3.	Mr. Prakash K. Mehta
4.	Mr. Pravin C. Shah
5.	Mr. Kanu C. Shah
6.	Mr. Pravin K. Mehta
7.	Mr. Sandeep M. Shah

Shareholding Pattern of CMCPL as on the date of Draft Red Herring Prospectus:

The shareholding pattern of CMCPL as on date is provided below:

Shareholder	No. of Equity Shares held	% Shareholding
Mr Mahendra C. Shah	124,975	50.00
Mr. Champaklal K. Mehta	124,965	50.00
Mr. Prakash K. Mehta	10	0
Mr. Pravin C. Shah	10	0
Mr. Kanu C. Shah	10	0
Mr. Pravin K. Mehta	10	0
Mr. Suresh K. Mehta	10	0
Mr. Sandeep M. Shah	10	0
Total	**250,000**	**100.00**

Financial Performance of CMCPL for the last three years is as follows:

The audited financial results of CMCPL for the last three financial years are as follows:

(Rs. in million except per share data)

Particulars	FY 2006-07	FY 2007-08	FY 2008-09
Total Income	5.08	188.51	18.91
Profit/ (Loss) After Tax	0.37	(7.61)	(16.11)
Equity capital *	2.50	2.50	2.50
Reserves	4.24	(3.37)	(19.48)
Earning per Share (Rs.)	1.47	(30.45)	(64.44)
Net Asset Value (Rs.)	26.96	(3.48)	(67.92)

**Face value of Rs.10/- each*

CMCPL is not listed in any of the stock exchanges in India or abroad and has not made any public /rights issue of its shares. Further, no action has been taken against the company by any stock exchange or SEBI.
CMCPL does not fall under the definition of a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up.

7. ALLRIGHT TRADING PRIVATE LIMITED ("ATPL")

Brief History

ATPL was incorporated on February 9, 1998 with registration number 11-113457 to carry on the business of trading. The registered office of ATPL is situated at 26 Kadam Palli Society near Sneh Milan Garden, Timaliya Wad Naypura, Surat, – 395 001.

The equity shares of ATPL are not listed on any stock exchange. The authorised share capital of ATPL is 0.1 million.

Board of directors of ATPL as on the date of Draft Red Herring Prospectus

Sr.No.	Directors
1.	Mr. Kanu C. Shah
2.	Mr. Suresh K. Mehta

Shareholding Pattern of ATPL as on the date of Draft Red Herring Prospectus

The shareholding pattern of ATPL as on date is provided below:

Shareholder	No. of Equity Shares held	% Shareholding
Mr. Kanu C. Shah	500	50.00
Mr. Suresh K. Mehta	500	50.00
Total	**1,000**	**100.00**

Financial Performance of ATPL for the last three years is as follows:

The audited financial results of ATPL for the last three financial years are as follows:

(Rs. in million except per share data)

Particulars	FY 2006-07	FY 2007-08	FY 2008-09
Total Income	0.24	0.24	0.24
Profit/ (Loss) After Tax	0.18	0.20	0.18
Equity capital *	0.10	0.10	0.10
Reserves	0.48	0.68	0.86
Earning per Share (Rs.)	180.00	200.00	180.00
Net Asset Value (Rs.)	580.00	780.00	960.00

**Face value of Rs.100/- each*

ATPL is not listed in any of the stock exchanges in India or abroad and has not made any public /rights issue of its shares. Further, no action has been taken against the company by any stock exchange or SEBI.

ATPL does not fall under the definition of a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up.

ATPL does not have negative net worth.

8. C. MAHENDRA JEWELS PRIVATE LIMITED ("CMJPL")

Brief History

CMJPL was originally incorporated on January 2, 1992 as C. Mahendra Diamond Jewellery Private Limited with registration no. 11-64699 to engage *inter alia,* in the business of manufacture and trade in diamond and other precious, semi precious stones and gems. The name of the company was consequently changed to C. Mahendra Jewels Private Limited pursuant to a fresh certificate of incorporation consequent upon change of name dated January 20, 1994. The registered office of CMJPL is situated at G-40, Prime Mall, Ground Floor, Irla, Vile Parle (West), Mumbai – 400 056, Maharashtra, India.

The equity shares of CMJPL are not listed on any stock exchange. The authorised share capital of CMJPL is Rs. 30 million.

Board of directors of CMJPL as on the date of Draft Red Herring Prospectus

Sr.No.	Directors
1.	Mr. Mahendra C. Shah
2.	Mr. Champaklal K. Mehta
3.	Mr. Shrikant Parikh

Sr.No.	Directors
4.	Mr. Pravin K. Mehta
5.	Mr. Samir P. Shah

Shareholding Pattern of CMJPL as on the date of Draft Red Herring Prospectus

The shareholding pattern of CMJPL as on date is provided below:

Shareholder	No. of Equity Shares held	% Shareholding
Mr. Mahendra C. Shah	5,25,000	17.50
Mr. Champaklal K. Mehta	5,25,000	17.50
Mr. Shrikant Parikh	19,50,000	65.00
Total	**30,00,000**	**100.00**

Financial Performance of CMJPL for the last three years is as follows:

The audited financial results of CMJPL for the last three financial years are as follows:

(Rs. in million except per share data)

Particulars	FY 2006-07	FY 2007-08	FY 2008-09
Total Income	5.38	(1.50)	0.46
Profit/ (Loss) After Tax	4.60	(2.03)	(3.77)
Equity capital *	15.00	15.00	15.00
Reserves	242.92	240.89	241.14
Earning per Share (Rs.)	2.25	(1.35)	(0.16)
Net Asset Value (Rs.)	171.95	170.67	170.67

** Face value of Rs. 10/-*

CMJPL is not listed in any of the stock exchanges in India or abroad and has not made any public /rights issue of its shares. Further, no action has been taken against the company by any stock exchange or SEBI.
CMJPL does not fall under the definition of a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up.
CMJPL does not have negative net worth.

Details of Companies / firms from which Promoters have disassociated in the last three years

Except as set out below, our Promoters have not disassociated themselves from any company / firm in the last three years:

Sr. No.	Name of the Company	Date of Disassociation	Reason
1.	C. Mahendra Info Jewels	January 01, 2009	Disassociation
2.	Ciemme BVBA, Antwerp	September 30, 2009	Disassociation

Details of Group Companies whose names have been struck off from RoCs

None of the Group Companies have been struck off the record of RoC as “defunct companies” under the provisions of Section 560 of the Companies Act.

Common pursuits

Three of the Group Companies namely C. Mahendra Jewels Private Limited, C.M Infojewels Private Limited and Infojewels (India) Private Limited have objects similar to those of our Company. To that extent we may have a potential conflict of interest between the said Group Companies and our Company. Other than this there are no other common pursuits in the business of our Company and our Group Companies

Related Party transactions with Group Companies

Other than as disclosed in the “Statement of Restated Related Party Transactions” on page 142 of the Draft Red Herring Prospectus, there have been no related party transactions with the Promoter Group.

Sale or Purchase between our Company and Group Companies

There have been no transactions of sale or purchase between our Company and the Group Companies amounting to 10% of the total turnover of our Company in the last three years.

For further details on the related party transactions between our Company and the Group Companies, please refer to the *"Annexure XII"*in the chapter titled "*Auditors' Report and Financial Information of our Company*" beginning on page 142 of the Draft Red Herring Prospectus.

Changes in Accounting Policies in the last three years

Apart from the details mentioned in the paragraph titled "*Changes in Accounting Policy*" contained in chapter titled *"Auditors Report and Financial Information of our Company"* beginning on Page 121 of the Draft Red Herring Prospectus, there have been no changes in the accounting policies of our Company in the last three years.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our Group's financial condition and results of operations together with our restated consolidated financial statements included in the Draft Red Herring Prospectus. You should also read "Risk Factors" on page xv of the Draft Red Herring Prospectus, which discusses a number of factors and contingencies that could impact our financial condition, results of operations and cash flows. The following discussion relates to our Group and is based on our Group's restated consolidated financial statements, which have been prepared in in terms of the requirements of Paragraph B(1) of Part II of Schedule II of the Companies Act, 1956 and SEBI Regulations. The following discussion is also based on internally prepared statistical information and on publicly available information. Our Group's fiscal year ends on March 31, so all references to a particular fiscal year of the Company are to the 12-month period ended March 31.

Certain industry, technical and financial terms used in this discussion shall have the meanings ascribed to them in the section entitled "Definitions and Abbreviations" beginning on page i of the Draft Red Herring Prospectus.

Overview

The founder Promoters of Our Company, Mr. Mahendra C. Shah and Mr. Champaklal K. Mehta started their business jointly in 1974. The flagship company of our Group, C. Mahendra Exports Limited was formed in 1978 in the form of a partnership firm under the name and style of "C. Mahendra Exports", to carry on the business of manufacturing and trading of diamonds, precious stones and jewellery. C. Mahendra Exports, initially formed to undertake trading activity in diamonds and other precious stones, set up its first manufacturing facility for processing rough diamonds in Surat in 1993 with an installed capacity of 120,000 carats per annum. In 2006, C. Mahendra Exports Limited commissioned its second manufacturing unit at Varachha Road, Surat with an installed capacity of 120,000 carats per annum. C. Mahendra Exports was recognised as a DTC Sight holder in 1991 and it is one of the first Surat based entities to receive this recognition.

One of the critical success factors of our business is consistent supply of rough diamond of desired quality, at a competitive price. In order to ensure that, C. Mahendra BVBA was set up in Antwerp, the diamond market in Belgium for the sourcing of rough diamonds from various suppliers at competitive rates. Currently, a significant part of rough diamonds is procured from the DTC and other rough diamond suppliers directly and through C. Mahendra B.V.B.A.

Access to the markets for sale of polished diamonds is another critical success factor of our business. In order to achieve this objective, our group established marketing entities in Hong Kong and USA to cater to some of the major markets for cut & polished diamonds and diamond jewellery across the globe. Currently, our Group has around 8 marketing offices spread across Surat, Mumbai, Delhi, Kolkata, Hong Kong, New York, Los Angeles and Antwerp to market cut and polished diamonds and diamond jewellery. Our Group also does some procurement of polished diamonds through those offices.

Factors affecting our results of operations

Except as otherwise stated in the DRHP, the Risk Factors given in the DRHP and the following important factors could cause actual results to differ materially from the expectations include, among others:

- The growth of Gems and Jewellery industry in India;
- Our ability to source diamonds and other raw materials at competitive rates from The DTC and other suppliers including local suppliers;
- Changes in the value of the Rupee and other currency changes and our ability to hedge foreign currency risks affectively;
- General economic and business conditions in India;
- Our ability to manage our growth effectively;
- Our ability to finance our business growth and obtain financing on favourable terms;
- Our ability to compete effectively, particularly in new markets and businesses;
- Changes in tastes and preferences of our customers;
- Our ability to develop "Ciemme" brand;
- Our ability to meet our capital expenditure requirements;
- Our dependence on key personnel and ability to recruit/retain them;
- Contingent liabilities and uninsured losses;
- Government approvals;
- Changes in government policies and regulatory actions that apply to or affect our business;

- Changes in the Indian and international interest rates;
- Changes in political and social conditions in India; and
- Performance of the financial markets, both Indian and global

Significant Accounting Policies

15) Basis of preparation:

This Restated Consolidated Financial Information for the year ended 31 March 2005, 31 March 2006 and 31 March 2007 have been prepared by the management and approved by the Board of Directors of the Company from standalone audited financial statements of the Company for the year/period ended 31 March 2005, 31 March 2006, 3 January 2007 and 31 March 2007 and standalone financial statements of its subsidiaries for the year ended 31 March 2005, 31 March 2006 and 31 March 2007. The Restated Consolidated Financial Information for the year/period ended 31 March 2008, 31 March 2009 and 30 September 2009 has been extracted by the management of the Company from the audited consolidated financial statements of the Group for the year/period ended 31 March 2008, 31 March 2009 and 30 September 2009.

The Restated Consolidated Financial Information are after making adjustments/ restatements and regrouping as necessary in accordance with paragraph B(1) of Schedule II of The Companies Act, 1956 and SEBI Regulations.

16) Principles of consolidation:

The consolidated financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting, in accordance with the generally accepted accounting principles (GAAP) in India and comply with the Accounting Standards (AS) – 21 'Consolidated Financial Statements'.

c) The consolidated financial statements have been prepared on the following basis:

i) The financial statements of the parent Company and its subsidiaries have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra group balances/ transactions and resulting unrealised profits in full. Unrealised losses resulting from intra-group transactions have also been eliminated except to the extent that recoverable value of related assets is lower than their cost to the group. The amounts shown in respect of reserves comprise of the share of parent Company in post acquisition increase in the relevant reserves of the group entities.

Transactions relating to profit and loss account of the acquired entities have been included in the consolidated profit and loss account from the effective date of acquisition.

ii) The excess of the cost to the parent of its investment in the subsidiary entities over its share of the equity in the subsidiary entities at the dates on which the investments are made is recognised in the financial statements as 'Goodwill'. The excess of parent's share of equity in consolidated subsidiary entities as on the date of investments in excess of the cost of investment is recognised in the consolidated financial statements as 'Capital Reserve' and shown under the head 'Reserves and Surplus'.

iii) The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent Company for its separate financial statements.

iv) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

v) Minority interest in the net assets of consolidated subsidiary entities consists of:

c) the amount of equity attributable to minority shareholders at the date on which investment in subsidiary is made; and

d) the minorities' share of movements in equity since the date the parent subsidiary relationship came into existence.

d) The subsidiaries considered in the consolidated financial statements are:

Name of the Subsidiaries	Country of incorporation/ constitution	Extent of holding as at 30-Sep-2009 %	Reporting currency	Effective date of becoming subsidiary
C. Mahendra International Ltd.	India	100.00	Indian Rupees	11/11/2003
Ciemme Jewels Ltd. (formerly Ciemme Jewels Pvt. Ltd.) (100% share capital held by C. Mahendra International Ltd.)	India	100.00	Indian Rupees	04/12/2003
C. Mahendra Infojewels (upto 31/12/2008 51% shares in profit/loss held by C. Mahendra International Ltd.)	India	--	Indian Rupees	01/09/2004 (subsidiary upto 31/12/2008)
Ciemme BVBA # (a wholly owned subsidiary of Ciemme Jewels Ltd.)	Belgium	100.00	Euro	Since incorporation
C. Mahendra BVBA (54.0373% shares in capital held by C. Mahendra Exports Limited and 45.9627% shares in capital held by C. Mahendra International Ltd.)	Belgium	100.00	Euro	14/05/2004
C. Mahendra Exports (H.K.) Ltd. (a wholly owned subsidiary of C. Mahendra International Ltd.)	Hong Kong	100.00	HK Dollars	Since incorporation
Ciemme (LA) Inc. (a wholly owned subsidiary of C. Mahendra International Ltd.)	USA	100.00	US Dollars	11/11/2003
C. Mahendra (USA) Inc. (a wholly owned subsidiary of C. Mahendra International Ltd.)	USA	100.00	US Dollars	Since incorporation
C. Mahendra (NY) LLC. (99% shares in profit/loss held by C. Mahendra (USA) Inc.)	USA	99.00	US Dollars	Since incorporation
Ciemme (NY) LLC. (99% shares in profit/loss held by C. Mahendra (USA) Inc.)	USA	99.00	US Dollars	Since incorporation

After the balance sheet date, Ciemme Jewels Limited has diverted its entire holding for a consideration of Rs.1,293,964

17) Use of estimates:

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the consolidated financial statements and reported amounts of revenues and expenses for the period. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

18) Fixed assets:

Fixed assets are accounted at cost of acquisition inclusive of freight, duties, taxes, incidental expenses and borrowing cost and are stated at written down value.

19) Depreciation and amortisation:

Depreciation is provided on written down value method (except plant and machinery relating to Windmills) at the rates and in the manner specified under the respective domestic laws (as applicable) to the relevant entity. Depreciation on Windmills are provided on straight line method.

Leasehold land is amortised over the lease period.

20) Inventories:

vi. Raw materials - Rough diamonds are valued at lower of cost or net realisable value. The cost is determined by employing weighted average method on lot wise basis. Rough diamond rejection is valued at estimated realisable value.

vii. Raw materials (gold, findings, alloys and precious / semi-precious stones) are valued at cost or net realisable value whichever is lower. The cost is ascertained on average / FIFO basis.

viii. Finished goods - Polished diamonds are valued at lower of estimated cost as certified by Directors / Partners or net realisable value.

ix. Finished goods - Jewellery is valued at lower of cost or realisable value.

x. Consumables are valued at lower of estimated cost or net realisable value. Cost is as certified by the management. Tools and spares are charged to profit and loss account in the year of purchase.

21) Revenue recognition:

Revenue from exports sales is recognised when the goods are delivered to the customs authorities. Revenue from local sales is recognised when the significant risk and rewards associated with the ownership of goods are transferred to the customer.

Income from sale of wind energy is recognised on its transmission as per terms of agreement.

22) Foreign currency transactions:

v Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailing at the date of the balance sheet. Gain / loss arising on account of differences in foreign exchange rates on settlement / translation of monetary assets and liabilities are recognised in the profit and loss account. Non-monetary foreign currency items are carried at cost.

vi In respect of forward contracts, other than forward contracts in respect of firm commitments and highly probable forecast transactions, the premium or discount arising at the inception of forward exchange contract is amortised as expenses or income over the life of the contract. Exchange differences on such contracts are recognised in the Profit and Loss Account in the reporting year in which the exchange rate changes. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense for the year.

vii Any profit or loss arising on settlement or cancellation of other derivative contracts (forward contracts in respect of firm commitments and highly probable forecast transactions, swaps and currency options) is recognised as income or expense for the year. The derivative contracts outstanding at the year-end, are marked to its current market value and gain/ loss on such contracts, is recognized in the profit and loss account.

viii Indian Rupee is the reporting currency of the Company and its Indian subsidiaries. However, the functional currency of foreign subsidiaries is their local currency as disclosed above. The translation of functional currency of foreign subsidiaries into Indian Rupees is performed for assets and liabilities (except for capital, opening reserves and surplus), using the exchange rate as at the balance sheet date and for revenues, cost and expenses using yearly average exchange rates. Resultant currency translation exchange gain / loss is disclosed as “Translation Reserve” in reserves and surplus. Contingent liabilities are translated at the closing rate.

23) Retirement benefits:

vii. Retirement benefits in the form of provident fund and pension scheme are accounted on accrual basis.

viii. Provision for gratuity liability is made on the basis of actuarial valuation at the end of the accounting period.

ix. Liability for encashment of leave is recognised and charged to the profit and loss account in the period in which it is earned on accrual basis.

24) Borrowing cost:

Borrowing cost directly attributable to acquisition or construction of fixed assets, which necessarily take substantial period of time to get ready for their intended use, are capitalised. Other borrowing costs are charged to profit and loss account.

25) Income-tax:

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax are measured at the amount expected to be paid to the tax authorities. Deferred income taxes reflects the impact of current period timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable/ virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably/virtually certain that sufficient future taxable income will be available against which such deferred tax assets can be realised.

26) Accounting for provisions and contingent liabilities:

A provision is made when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

27) Impairment:

At each balance sheet date, the Group determines whether a provision should be made for impairment loss on fixed assets (including intangible assets), by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard (AS) - 28 'Impairment of Assets'. Where the recoverable amount of any fixed assets is lower than its carrying amount, a provision for impairment loss on fixed assets is made. At the balance sheet date there is an indication that previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the assets is reflected at the recoverable amount subject to a minimum of depreciated historical cost.

28) Preliminary expenses:

Preliminary expenses are charged to the profit and loss account in the year in which the same are incurred.

COMPONENTS OF REVENUE & EXPENDITURE

REVENUES
Our Group's total income consists primarily of revenues from sales and income from operations and other income.

Sales and income from operations
Our Group derives revenues from sales of rough and cut and polished diamonds, diamond jewellery and sale of electricity through wind power.

Other Income
Our Group's other income is principally comprised of exchange difference and interest on loans and advances.

EXPENDITURE

Our Company's operating expenditure consists of (i) cost of materials, (ii) staff cost, (iii)manufacturing and other expenses (iv) Selling and distribution expenses (v) Interest (vi) Miscellaneous expenditure not written off and (vi) Depreciation/Amortization.

Cost of materials primarily includes in-house consumption of rough diamond, purchase of polish diamonds, purchase of gold and other materials

Staff Cost includes (i) salaries, wages and performance bonus payments to our employees, (ii) contributions made to provident and gratuity and (iii) expenses relating to staff welfare.

Manufacturing and other expenses primarily include processing charges, stores spares and tools consumption, rent rates and taxes, bank charges and commission and exchange difference.

Selling and distribution expenses includes (i) clearing, forwarding and freight charges, business promotion expenses, advertisement charges, and brokerage and commission charges.

Depreciation and amortization includes depreciation on building, plant and machinery, furniture and fixtures and other fixed assets and leasehold land.

RESULTS OF OPERATIONS

The following table sets forth, for the fiscal years indicated, certain items derived from our Group's restated consolidated financial statements, in each case stated in absolute terms and as a percentage of total income and/or sales and income from operations:

(Rs. in millions)

Particulars	For the period ended September 30, 2009	For the year ended				
		March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Sale and Income from Operations	8,168.62	15,337.40	17,319.87	16,579.81	10,477.75	8,390.94
% of Total Income		*95.65%*	*97.37%*	*96.62%*	*90.98%*	*88.00%*
Other Income	6.92	86.43	36.62	12.90	13.52	115.37
Increase/(Decrease) in inventories	155.64	611.75	432.03	567.57	1,024.83	1028.38
Total Income	**8,331.18**	**16,035.58**	**17,788.52**	**17,160.28**	**11,516.10**	**9,534.69**
Cost of Materials	7,485.43	13,515.74	14,837.02	14,085.33	9,623.98	7,824.15
% of Total Income		*84.29%*	*83.41%*	*82.08%*	*83.57%*	*82.06%*
Staff Cost	91.17	268.53	286.32	180.59	154.55	130.19
% of Total Income		*1.67%*	*1.61%*	*1.05%*	*1.34%*	*1.37%*
Manufacturing and other expenses	319.71	588.01	1434.83	1370.32	1014.97	918.28
% of Total Income		*3.67%*	*8.07%*	*7.99%*	*8.81%*	*9.63%*
Selling and distribution expenses	26.41	53.31	62.78	59.81	58.27	44.54
% of Total Income		*0.33%*	*0.35%*	*0.35%*	*0.51%*	*0.47%*
Interest	414.81	791.24	715.63	509.34	270.37	144.24
% of Total Income		*4.93%*	*4.02%*	*2.97%*	*2.35%*	*1.51%*
Miscellaneous Expenditure written off	-	-	-	2.24	-	-
Depreciation/Amortization	47.42	107.24	108.50	119.84	69.05	37.63
% of Total Income		*0.67%*	*0.61%*	*0.70%*	*0.60%*	*0.39%*
Total Expenditure	**8,384.95**	**15,324.07**	**17,445.08**	**16,327.47**	**11,191.19**	**9,099.03**
% of Total Income		*95.56%*	*98.07%*	*95.15%*	*97.18%*	*95.43%*
Profit before Taxation	**(53.77)**	**711.51**	**343.44**	**832.81**	**324.91**	**435.66**
% of Sales and Income from Operations		*4.64%*	*1.98%*	*5.02%*	*3.10%*	*5.19%*
Current Tax	(20.95)	(41.57)	(62.93)	(38.88)	(19.87)	(62.32)
Less: MAT credit entitlement	0.80	10.00	46.00	5.68	-	-
Deferred Tax	32.12	(9.39)				

Particulars	For the period ended September 30, 2009	For the year ended				
		March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
			1.11	(61.75)	(62.11)	(3.41)
Fringe Benefit Tax	-	(1.34)	(1.32)	(1.48)	(2.04)	-
Net Profit	**(41.80)**	**669.21**	**326.30**	**736.38**	**240.89**	**369.93**
% of Sales and Income from operations		*4.36%*	*1.88%*	*4.44%*	*2.30%*	*4.41%*

For the period ended September 30, 2009

Sales and income from operations: Our Group's sales from income and operations stood at Rs. 8,168.62 million for the period ended September 30, 2009. Our sales and income from operations as a percentage of total income was 98.05% during the same period.

Other Income: Other income stood at Rs. 6.92 million for the period ended September 30, 2009.

Total Income: Due to the aforesaid reasons, our total income is Rs. 8,331.18 million for the period ended September 30, 2009.

Total Expenditure: Our Group's total expenditure consists of cost of materials; staff cost, manufacturing and other expenses, selling and distribution expenses, interest, miscellaneous expenditure written off and depreciation/amortization. Our Company's total expenditure stood at Rs. 8,384.95 million for the period ended September 30, 2009 which exceeded the total income.

Cost of Materials: The cost of materials stood at Rs. 7,485.43 million for the period ended September 30, 2009. The cost of material as a percentage of total income was 89.85% during the same period.

Staff Cost: Staff Cost stood at Rs. 91.17 million for the period ended September 30, 2009. The total staff cost as a percentage of total income stood at 1.09% during the same period.

Manufacturing and other expenses: Our Group's manufacturing and other expenses stood at Rs. 319.71 million for the period ended September 30, 2009. During the same period, the manufacturing and other expenses as a percentage of total income stood at 3.84%.

Selling and distribution expenses: Our Group's selling and distribution expenses stood at Rs. 26.41 million for the period ended September 30, 2009. During the same period, the selling and distribution expenses as a percentage of total income stood at 0.32%.

Interest: Interest stood at Rs. 414.81 million for the period ended September 30, 2009. During the same period, interest as a percentage of total income stood at 4.98%.

Depreciation/Amortization: Depreciation/amortization stood at Rs. 47.42 million for the period ended September 30, 2009. During the same period, depreciation/amortization as a percentage of total income stood at 0.57%.

Profit/(Loss) before taxation: For the reasons discussed above, profit before taxation stood at Rs. (53.77) million for the period ended September 30,2009 primarily due to losses incurred by our Subsidiaries and notional exchange losses. Our gross margin as a percentage of sales and income from operations stood at (0.66)% during the same period.

Provision for taxation: Provision for taxation inclusive of deferred tax and fringe benefit tax stood at Rs. 11.97 million for the period ended September 30, 2009.

Net Profit/(Loss): For the reasons discussed above, our Group's net profit stood at Rs. (41.80) million for the period ended September 30, 2009. Our net margin as a percentage of sales and income from operations stood at (0.51)% during the same period.

Fiscal year ended March 31, 2009 compared with the fiscal year ended March 31, 2008
Sales and income from operations: Our Group's sales from income and operations decreased by 11.45% from Rs. 17,319.87 million in the fiscal year ended March 31, 2008 to Rs. 15,337.40 million in the fiscal year ended

March 31, 2009. This decrease in sales and income from operations was attributed to global recession mainly in USA.

Other Income: Other income increased by 136.02% from Rs. 36.62 million in the fiscal year ended March 31, 2008 to Rs. 86.43 million in the fiscal year ended March 31, 2009. This substantial increase was on account of net gain arising on foreign exchange transactions entered by us in normal course of business and depending upon the fluctuation of exchange rate at the end of the financial year.

Total Income: Due to the aforesaid reasons, our total income decreased by 9.85% from Rs. 17,788.52 million in the fiscal year ended March 31, 2008 to Rs. 16,035.58 million in the fiscal year ended March 31, 2009.

Total Expenditure: Our Group's total expenditure consists of cost of materials; staff cost, manufacturing and other expenses, selling and distribution expenses, interest, miscellaneous expenditure written off and depreciation/amortization. Our Company's total expenditure decreased by 12.16% from Rs. 17,445.08 million in the fiscal year ended March 31, 2008 to Rs. 15,324.07 million in the fiscal year ended March 31, 2009. During the same period, the total expenditure as a percentage of total income decreased from 98.07% to 95.56%. This is on account of the cost control initiatives like direct purchase of CPDs from the markets at lower price instead of manufacturing in-house and control in staff cost undertaken by our Group during the economic downturn.

Cost of Materials: The cost of materials decreased by 8.91% from Rs. 14,837.02 million in the fiscal year ended March 31, 2008 to Rs. 13,515.74 million in the fiscal year ended March 31, 2009. During the same period, the cost of material as a percentage of total income increased marginally from 83.41% to 84.29%.

Staff Cost: Staff Cost decreased by 6.21% from Rs. 286.32 million in the fiscal year ended March 31, 2008 to Rs. 268.53 million in the fiscal year ended March 31, 2009. However, the total staff cost as a percentage of total income increased marginally from 1.61% to 1.67% during the same period.

Manufacturing and other expenses: Our Group's manufacturing and other expenses decreased substantially by 59.02% from Rs. 1,434.83 million in the fiscal year ended March 31, 2008 to Rs. 588.01 million in the fiscal year ended March 31, 2009. Due to the economic downturn, the opportunity cost of procuring CPDs directly from the market was better than manufacturing the same in-house. On account of this, the manufacturing and other expenses as a percentage of total income decreased from 8.07% to 3.67% during the same period.

Selling and distribution expenses: Our Group's selling and distribution expenses decreased by 15.08% from Rs. 62.78 million in the fiscal year ended March 31, 2008 to Rs. 53.31 million in the fiscal year ended March 31, 2009. During the same period, the selling and distribution expenses as a percentage of total income decreased marginally from 0.35% to 0.33%.

Interest: Interest increased by 10.57% from Rs. 715.63 million in the fiscal year ended March 31, 2008 to Rs.791.24 million in the fiscal year ended March 31, 2009. This is on account of an increase in the credit facilities availed by our Group due the delay in the realization of sales proceeds. During the same period, interest as a percentage of total income increased from 4.02% to 4.93%.

Depreciation/Amortization: Depreciation/amortization decreased by 1.16% from Rs.108.50 million in the fiscal year ended March 31, 2008 to Rs.107.24 million in the fiscal year ended March 31, 2009. The same was due to no substantial addition in fixed assets. During the same period, depreciation/amortization as a percentage of total income increased from 0.61% to 0.67%.

Profit before taxation: For the reasons discussed above, profit before taxation increased by 107.17% from Rs. 343.44 million in the fiscal year ended March 31, 2008 to Rs. 711.51 million in the fiscal year ended March 31, 2009. Our gross margin as a percentage of sales and income from operations increased from 1.98% in Fiscal 2008 to 4.64% in Fiscal 2009.

Provision for taxation: Provision for taxation inclusive of deferred tax and fringe benefit tax increased by 146.79% from Rs. 17.14 million in the fiscal year ended March 31, 2008 to Rs. 42.30 million in the fiscal year ended March 31, 2009.

Net Profit: For the reasons discussed above, our Group's net profit increased by 105.09% from Rs. 326.30 million in the fiscal year ended March 31, 2008 to Rs. 669.21 million in the fiscal year ended March 31, 2009. Our net profit margin as a percentage of sales and income from operations increased from 1.88% to 4.36%.

Fiscal year ended March 31, 2008 compared with the fiscal year ended March 31, 2007

Sales and income from operations: Our Group's sales from income and operations increased by 4.46% from Rs. 16,579.81 million in the fiscal year ended March 31, 2007 to Rs. 17,319.87 million in the fiscal year ended March 31, 2008. Though there was increase in price and quantity sold during the year ended March 31,2008 there was higher mix of low price sensitive diamonds than high price sensitive diamonds in the product mix. Further Fiscal 2008 witnessed high volatility and appreciation of rupee against dollar leading to a marginal increase in our sales and income from operations.

Other Income: Other income increased by 183.88% from Rs. 12.90 million in the fiscal year ended March 31, 2007 to Rs. 36.62 million in the fiscal year ended March 31, 2008. This substantial increase was on account of disclosure of stock amounting to Rs. 20.29 million during income tax survey.

Total Income: Due to the aforesaid reasons, our total income increased marginally by 3.66% from Rs. 17,160.28 million in the fiscal year ended March 31, 2007 to Rs. 17,788.52 million in the fiscal year ended March 31, 2008.

Total Expenditure: Our Group's total expenditure consists of cost of materials; staff cost, manufacturing and other expenses, selling and distribution expenses, interest, miscellaneous expenditure written off and depreciation/amortization. Our Company's total expenditure increased by 6.84% from Rs. 16,334.53 million in the fiscal year ended March 31, 2007 to Rs. 17,445.08 million in the fiscal year ended March 31, 2008. During the same period, the total expenditure as a percentage of total income increased from 95.15% to 98.07%. This is due to the fact that during the same period, our total income increased marginally by 3.66% whereas the total expenditure increased by 6.84%. The major reasons for this increase in total expenditure was the increase in staff cost, finance charges and increase in manufacturing and other expenses.

Cost of Materials: The cost of materials increased marginally by 5.34% from Rs. 14,085.33 million in the fiscal year ended March 31, 2007 to Rs. 14,837.02 million in the fiscal year ended March 31, 2008. During the same period, the cost of material as a percentage of total income increased from 82.08% to 83.41%. This was due to the increase in cost of rough diamonds and polished diamonds which could not be factored in the selling price immediately.

Staff Cost: Staff Cost increased by 58.55% from Rs. 180.59 million in the fiscal year ended March 31, 2007 to Rs. 286.32 million in the fiscal year ended March 31, 2008. However, the total staff cost as a percentage of total income increased from 1.05% to 1.61% during the same period. This substantial increase in staff cost was due to recruitment of some of our regular contractual labor (job workers) on the payrolls of the Company. The processing of diamonds on a job work basis decreased from 49.05% in Fiscal 2007 to 37.81% in Fiscal 2008.

Manufacturing and other expenses: Our Group's manufacturing and other expenses increased marginally by 4.71% from Rs. 1,370.32 million in the fiscal year ended March 31, 2007 to Rs. 1,434.83 million in the fiscal year ended March 31, 2008. This increase in manufacturing and other expenses was mainly due to the exchange rate difference of Rs. 131.96 million during the same period. During the same period, the manufacturing and other expenses as a percentage of total income increased marginally from 7.99% to 8.07%.

Selling and distribution expenses: Our Group's selling and distribution expenses increased marginally by 4.97% from Rs. 59.81 million in the fiscal year ended March 31, 2007 to Rs. 62.78 million in the fiscal year ended March 31, 2008. During the same period, the selling and distribution expenses as a percentage of total income remained stable at 0.35%.

Interest: Interest increased by 40.50% from Rs. 509.34 million in the fiscal year ended March 31, 2007 to Rs.715.63 million in the fiscal year ended March 31, 2008. During the same period, we have increased our domestic limit to Rs. 130 million and have partly converted our foreign currency loan to rupee loan. This resulted in our increased interest cost. During the same period, interest as a percentage of total income increased from 2.97% to 4.02%.

Depreciation/Amortization: Depreciation/amortization decreased by 9.46% from Rs.119.84 million in the fiscal year ended March 31, 2007 to Rs.108.50 million in the fiscal year ended March 31, 2007. During the same period, depreciation/amortization as a percentage of total income decreased from 0.70% to 0.61%.

Profit before taxation: For the reasons discussed above, profit before taxation decreased by 58.76% from Rs. 832.81 million in the fiscal year ended March 31, 2007 to Rs.343.44 million in the fiscal year ended March 31,

2008. Our gross margin as a percentage of sales and income from operations decreased from 5.02% in Fiscal 2007 to 1.98% in Fiscal 2008.

Provision for taxation: Provision for taxation inclusive of deferred tax and fringe benefit tax decreased by 82.23% from Rs. 96.43 million in the fiscal year ended March 31, 2007 to Rs. 17.14 million in the fiscal year ended March 31, 2008. Effective tax rate decreased from 11.58% in the fiscal year ended March 31, 2007 to 4.99% in the fiscal year ended March 31, 2008. This decrease in the effective tax rate was principally due to the MAT credit entitlement and net effect of deferred tax asset instead of deferred tax liability.

Net Profit: For the reasons discussed above, our Group's net profit decreased by 55.69% from Rs. 736.38 million in the fiscal year ended March 31, 2007 to Rs.326.30 million in the fiscal year ended March 31, 2008. Our net profit margin as a percentage of sales and income from operations decreased from 4.44% to 1.88% mainly on account of substantial fall in net profit in one of our overseas subsidiary, C.Mahendra BVBA and net loss in our subsidiary, C.Mahendra Infojewels. However on a standalone basis, our Company's net profit increased from Rs. 367.54 million in the fiscal year ended March 31, 2007 to Rs.402.62 million in the fiscal year ended March 31, 2008.

Fiscal year ended March 31, 2007 compared with the fiscal year ended March 31, 2006

Sales and income from operations: Our Group's sales from income and operations increased by 58.24% from Rs. 10,477.75 million in the fiscal year ended March 31, 2006 to Rs. 16,579.81 million in the fiscal year ended March 31, 2007. The Varachha Unit at Surat started its operations in the month of January 2006. The full year realizations from the Varachha unit was availed in the Fiscal year 2007 and this was one of the major factors for the increase in sales.

Other Income: Other income decreased by 4.59% from Rs. 13.52 million in the fiscal year ended March 31, 2006 to Rs. 12.90 million in the fiscal year ended March 31, 2007.

Total Income: Total income increased by 49.01% from Rs. 11,516.10 million in the fiscal year ended March 31, 2006 to Rs. 17,160.28 million in the fiscal year ended March 31, 2007. This was principally due to the aforesaid reasons.

Total Expenditure: Our Group's total expenditure consists of cost of materials; staff cost, manufacturing and other expenses, selling and distribution expenses, interest, miscellaneous expenditure written off and depreciation/amortization. Our Company's total expenditure increased by 45.90% from Rs. 11,191.19 million in the fiscal year ended March 31, 2006 to Rs. 16,327.47 million in the fiscal year ended March 31, 2007. During the same period, the total expenditure as a percentage of total income decreased from 97.18% to 95.15%.

Cost of Materials: The cost of materials increased by 46.36% from Rs. 9,623.98 million in the fiscal year ended March 31, 2006 to Rs. 14,085.33 million in the fiscal year ended March 31, 2007 on account of increased consumption of raw material driven by higher sales. During the same period, the cost of material as a percentage of total income decreased from 83.57% to 82.08%.

Staff Cost: Staff Cost increased by 16.85% from Rs. 154.55 million in the fiscal year ended March 31, 2006 to Rs. 180.50 million in the fiscal year ended March 31, 2007 due to new recruitments in the new factory. However, the total staff cost as a percentage of total income decreased from 1.34% to 1.05% during the same period.

Manufacturing and other expenses: Our Group's manufacturing and other expenses increased by 35.01% from Rs. 1,014.97 million in the fiscal year ended March 31, 2006 to Rs.1,370.32 million in the fiscal year ended March 31, 2007. This is due to the increase in sales. During the same period, the manufacturing and other expenses as a percentage of total income decreased from 8.81% to 7.99% primarily due to this cost being fixed in nature.

Selling and distribution expenses: Our Group's selling and distribution expenses increased marginally by 2.64% from Rs.58.27 million in the fiscal year ended March 31, 2006 to Rs.59.81 million in the fiscal year ended March 31, 2007. During the same period, the selling and distribution expenses as a percentage of total income decreased from 0.51% to 0.35%.

Interest: Interest increased by 88.39% from Rs. 270.37 million in the fiscal year ended March 31, 2006 to Rs. 509.34 million in the fiscal year ended March 31, 2007. This was principally due to increased interest charges

paid on account of new term loan taken for the windmill project and additional working capital requirements in Fiscal 2007. However, interest as a percentage of total sales increased marginally from 2.35% to 2.97%.

Depreciation/Amortization: Depreciation/amortization increased by 73.56% from Rs.69.05 million in the fiscal year ended March 31, 2006 to Rs.119.84 million in the fiscal year ended March 31, 2007 because of capital expansion on account of the Varachha unit and the windmill project. During the same period, depreciation/amortization as a percentage of total income increased marginally from 0.60% to 0.70%.

Profit before taxation: For the reasons discussed above, profit before taxation increased by 156.32% from Rs. 324.91 million in the fiscal year ended March 31, 2006 to Rs.832.81 million in the fiscal year ended March 31, 2007. Our gross margin as a percentage of sales and income from operations increased from 3.10% in Fiscal 2006 to 5.02% in Fiscal 2007. In addition to that, another important reason for the spurt in profit was the exceptional profit on account of stock revaluation in one of our Subsidiaries, C. Mahendra BVBA.

Provision for taxation: Provision for taxation increased by 14.77% from Rs.84.02 million in the fiscal year ended March 31, 2006 to Rs.96.43 million in the fiscal year ended March 31, 2007. Effective tax rate decreased from 25.86% in the fiscal year ended March 31, 2006 to 11.58% in the fiscal year ended March 31, 2007. This decrease in the effective tax rate was principally due to the MAT provision.

Net Profit: For the reasons discussed above, our Group's net profit increased by 205.69% from Rs. 240.89 million in the fiscal year ended March 31, 2006 to Rs.736.38 million in the fiscal year ended March 31, 2007. Our net profit margin as a percentage of sales and income from operations increased from 2.30% to 4.44%.

Fiscal year ended March 31, 2006 compared with the fiscal year ended March 31, 2005

Sales and income from operations: Our Group's sales and income from operations increased by 24.87% from Rs.8,390.94 million in the fiscal year ended March 31, 2005 to Rs. 10,477.75 million in the fiscal year ended March 31, 2006.

Other Income: Our Group's other income decreased by 88.28% from Rs. 115.37 million in the fiscal year ended March 31, 2005 to Rs. 13.52 million in the fiscal year ended March 31, 2006. This was principally due to the foreign exchange gain of Rs. 97.95 accruing in the fiscal year ended March 31, 2005.

Total Income: Total income increased by 20.78% from Rs. 9,534.69 million in the fiscal year ended March 31, 2005 to Rs. 11,516.10 million in the fiscal year ended March 31, 2006.

Total Expenditure: Our Group's total Expenditure consists of cost of materials, staff cost, manufacturing and other expenses, selling and distribution expenses, interest, miscellaneous expenditure written off and depreciation/amortization. Our group's total expenditure materials increased by 22.99% from Rs. 9,099.03 million in the fiscal year ended March 31, 2005 to Rs. 11,191.19 million in the fiscal year ended March 31, 2006. During the same period, the total expenditure as a percentage of total income increased from 95.43% to 97.18%.

Cost of Materials: The cost of materials increased by 23.00% from Rs. 7,824.15 million in the fiscal year ended March 31, 2005 to Rs. 9,623.98 million in the fiscal year ended March 31, 2006. During the same period, the cost of material as a percentage of total income increased from 82.06% to 83.57%.

Staff Cost: Staff Cost increased by 18.71% from Rs. 130.19 million in the fiscal year ended March 31, 2005 to Rs. 154.55 million in the fiscal year ended March 31, 2006. This is due to the normal pay hike. However, the total staff cost as a percentage of total income decreased from 1.37% to 1.34% during the same period.

Manufacturing and other expenses: Our Group's manufacturing and other expenses increased by 10.53% from Rs. 918.28 million in the fiscal year ended March 31, 2005 to Rs. 1,014.97 million in the fiscal year ended March 31, 2006. However, the manufacturing and other expenses as a percentage of total income decreased from 9.63% to 8.81% during the same period.

Selling and distribution expenses: Our Group's selling and distribution expenses increased by 30.83% from Rs.44.54 million in the fiscal year ended March 31, 2005 to Rs. 58.27 million in the fiscal year ended March 31, 2006. However, the selling and distribution expenses as a percentage of total income increased marginally from 0.47% to 0.51% during the same period.

Interest: Interest increased by 87.44% from Rs. 144.24 million in the fiscal year ended March 31, 2005 to Rs. 270.37 million in the fiscal year ended March 31, 2006. This was principally due to increased working capital

facilities in Fiscal 2006. During the same period, interest as a percentage of total income increased from 1.51% to 2.35%.

Depreciation/Amortization: Depreciation/amortization increased by 83.50% from Rs. 37.63 million in the fiscal year ended March 31, 2005 to Rs. 69.05 million in the fiscal year ended March 31, 2006 due to capital expenditure incurred on account of windmill project and setting up of new factory at Varachha, Surat. During the same period, depreciation/amortization as a percentage of total income increased from 0.39% to 0.60%.

Profit before taxation: For the reasons discussed above, profit before taxation decreased by 25.42% from Rs. 435.66 million in the fiscal year ended March 31, 2005 to Rs. 324.91 million in the fiscal year ended March 31, 2006. Our gross margin as a percentage of sales and income from operations decreased from 5.19% in Fiscal 2005 to 3.10% in Fiscal 2006.

Provision for taxation: Provision for taxation increased by 27.83% from Rs. 65.73 million in the fiscal year ended March 31, 2005 to Rs. 84.02 million in the fiscal year ended March 31, 2006. Effective tax rate increased from 15.09% in the fiscal year ended March 31, 2005 to 25.86% in the fiscal year ended March 31, 2006. This increase in the effective tax rate was principally due to deferred tax effect and fringe benefit tax.

Net Profit: For the reasons discussed above, our Group's net profit decreased by 34.88% from Rs. 369.93 million in the fiscal year ended March 31, 2005 to Rs. 240.89 million in the fiscal year ended March 31, 2006. Our net profit margin as a percentage of sales and income from operations decreased from 4.41% to 2.30%.

Liquidity and Capital Resources

Our primary liquidity needs have historically been to finance our working capital requirements and capital expansion. To fund these costs, we have relied on debt and equity.

Cash Flows statement

The table below sets forth cash flow statement data of our Group as per its restated consolidated financial statements for the six month period ended on September 30, 2009 and for the years ended March 31, 2009, 2008, 2007, 2006 and 2005.

(Rs. in Millions)

Particulars	For the period ended September 30, 2009	For the year ended March 31				
		2009	2008	2007	2006	2005
Net cash generated from operating activities	840.05	(500.22)	(885.44)	609.21	(1,988.35)	(1,850.56)
Net cash used in investing activities	(6.73)	(7.64)	(99.14)	(84.82)	(749.31)	(223.69)
Net cash from/(used in) Financing activities	(812.80)	435.49	1,065.75	(594.38)	2,855.09	2,048.73
Net increase/(decrease) in cash and cash equivalents	20.52	(72.37)	81.17	(69.99)	117.43	(25.52)

For the period ended September 30, 2009

Net cash used in operating activities for the period ended September 30, 2009 amounted to Rs. 840.05 million.

Net cash used in investing activities for the period ended September 30, 2009 amounted to Rs. (6.73) million.

Net cash raised for financing activities for the period ended September 30, 2009 amounted to Rs. (812.80) million.

As a result of the above, cash and cash equivalents amounted to Rs. 20.52 million.

For the year ending March 31, 2009

Net cash used in operating activities for Fiscal, 2009 amounted to Rs. (500.22) million. Rs. 704.25 million was generated from pre-tax profit. Adjustments to cash flow primarily mainly included net interest charges of Rs. 775.08 million, and depreciation of Rs. 107.24 million. Working capital adjustments included increases in inventories of Rs. 178.23 million, due to increase in trade and other receivables of Rs. 2,770.97 million and increase in current liabilities and provisions of Rs. 1263.83 million.

Net cash used in investing activities for the Fiscal 2009 amounted to Rs. (7.64) million which primarily includes the interest received on fixed deposits.

Net cash raised for financing activities for the Fiscal 2009 amounted to Rs. 435.49 million, mainly due to an increase in credit facilities.

As a result of the above, cash and cash equivalents amounted to Rs. (72.37) million.

For the year ending March 31, 2008

Net cash used in operating activities for Fiscal, 2008 amounted to Rs. 885.44 milliion. Rs. 359.46 million was generated from pre-tax profit. Adjustments to cash flow primarily mainly included net interest charges of Rs. 703.01 million, and depreciation of Rs. 108.50 million. Working capital adjustments included decrease in inventories of Rs. 116.73 million, due to increase in trade and other receivables of Rs. 2,127.17 million and decrease in current liabilities and provisions of Rs. 121.20 million.

Net cash used in investing activities for the Fiscal 2008 amounted to Rs. 99.14 million which primarily includes payments made for capital expenditure.

Net cash raised for financing activities for the Fiscal 2008 totalled Rs. 1,065.75 million, mainly through funds from borrowings.

As a result of the above, cash and cash equivalents amounted to Rs. 260.17 million.

For the year ending March 31, 2007

Net cash generated from operating activities for the Fiscal, 2007 amounted to Rs. 609.21 milliion. Rs. 714.81 million was generated from pre-tax profit. Adjustments to cash flow primarily included net interest charges of Rs. 498.82 million and depreciation of Rs. 119.84 million. Working capital adjustments included increase in inventories of Rs. 1,038.14 million, due to increase in trade and other receivables of Rs. 774.05 million and increase in current liabilities and provisions of Rs. 1,205.31 million.

Net cash used in investing activities for the Fiscal 2007 amounted to Rs. 84.82 million which primarily included payments made for capital expenditure.

Net cash used for financing activities for the Fiscal 2007 totalled Rs. 594.38 million, mainly for interest payments.

As a result of the above, cash and cash equivalents amounted to Rs. 179.00 million.

For the year ending March 31, 2006

Net cash used in operating activities for the Fiscal, 2006 amounted to Rs. 1,988.35 million. Rs. 219.63 million was generated from pre-tax profit. Adjustments to cash flow primarily included net interest charges of Rs. 264.09 million and depreciation of Rs. 69.05 million. Working capital adjustments included increase in inventories of Rs. 2,037.23 million, due to increase in trade and other receivables of Rs. 1,540.87 million and increase in current liabilities and provisions of Rs. 1,048.30 million.

Net cash used in investing activities for the Fiscal 2006 amounted to Rs. 749.31 million which primarily includes payments made for capital expenditure.

Net cash generated from financing activities for the Fiscal 2006 totalled Rs. 2,855.09 million, mainly from the proceeds of borrowings.

As a result of the above, cash and cash equivalents amounted to Rs. 248.99 million.

For the year ending March 31, 2005

Net cash used in operating activities for the Fiscal, 2005 amounted to Rs. 1,850.56 million. Rs. 286.41 million was generated from pre-tax profit. Adjustments to cash flow primarily included net interest charge of Rs. 139.52 million and depreciation of Rs. 37.63 million. Working capital adjustments included increase in inventories of Rs. 1,551.54 million, due to increase in trade and other receivables of Rs. 1,137.98 million and increase in current liabilities and provisions of Rs. 441.65 million.

Net cash used in investing activities for the Fiscal 2005 amounted to Rs. 223.69 million which primarily includes payments made for capital expenditure.

Net cash generated from financing activities for the Fiscal 2005 totalled Rs. 2,048.73 million, mainly from the proceeds of borrowings and increase in minority interest.

As a result of the above, cash and cash equivalents amounted to Rs. 131.56 million.

Contingent Liabilities of Our Group

(Rs. in millions)

Particulars	**As at September 30, 2009**
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	13.22
Bank guarantee to the President of India (Custom authorities).	0.05
Bond executed in favour of President of India (Custom authorities) for imports under EPCG scheme.	0.14
Bond executed in favour of The President of India towards provisional release of seized goods.	30.62
Bond executed in favour of The President of India towards manufacture of goods for exports.	10.00
Bond executed in favour of Octroi authorities.	0.03
Disputed income tax liabilities.	0.45
Disputed custom duty liabilities	11.00
Disputed service tax liabilities	0.24
TOTAL	**65.75**

Unusual or Infrequent Events or Transactions

Except as described in the DRHP, there have been no other events or transactions that, to our knowledge, may be described as “unusual” or “infrequent”.

Significant economic changes

After the date of last financial statement, significant economic changes happened in terms of hike in inflation rate and slowing down of economic growth. This trend, if continues, will have an adverse impact on the demand for luxury products.

Know Trends or Uncertainties

Except as described in “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and in the DRHP, to our knowledge, there are no known trends or uncertainties that are expected to have a material adverse impact on our revenues or income from continuing operations.

Future Relationship between Cost and Income

Except as described in “Risk Factors”, “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, to our knowledge there are no known factors that will have a material adverse impact on our operations and finances.

New Products or business segments

Except as described in "Objects of the Issue" and "Our Business", we have no plans to introduce new products and enter into new business segment.

Dependence on single or few suppliers / customers

As mentioned in "Risk Factors" and "Our Business", we do not predominantly dependent on a single customer for sale of our products.

However, for supply of rough diamonds, we are significantly dependent on the primary source suppliers.

Competitive Conditions

Please refer to the sections entitled "Our Business", "Industry Overview" and "Risk Factors" on page 60, 50 and xiii respectively for further details on competition.

Significant Developments since the date of last financial statements

Except as stated below, there has been no significant development since the last financial statement:

- Our Company has issued 12.5 million 6% redeemable Preference Shares of Rs. 10/- each, at a premium of Rs. 90/- in cash to the promoters, directors and other shareholders of the Company on in order to partly convert an amount of Rs. 1,250 million, which the Directors / other Shareholders of the Company namely Mr Mahendra C. Shah, Mr. Champaklal K. Mehta, Mr. Pravin C. Shah, Mr. Pravin K. Mehta, Mr. Sandeep M. Shah, Mr. Prakash K. Mehta, Mr. Kanu C. Shah, Mr. Suresh K. Mehta, Mr. Paras C. Mehta, Mr. Samir P. Shah, Mr. Suken P. Shah and Mr. Kevin P. Mehta, had extended to the Company as unsecured loans. The said preference shares carry a dividend of 6% per annum. Further the Company is entitled to redeem the said Preference Shares out of it's profit by 3 equal installments commencing from 7th, 8th and 9th year from the date of issue.

- Our Company has issued bonus shares on March 04, 2010 in the ratio of 1 Equity Share for every 2 Equity Shares held (1:2), by way of capitalization of general reserve account to the tune of Rs.150 million.

FINANCIAL INDEBTEDNESS

A summary of the key terms of our significant outstanding financing arrangements is provided below:

A. Secured Loans

(i) Working Capital Facility of Rs. 7720 million by the Bank of Baroda Consortium

The Company has been granted a working capital facility of Rs. 7720 million by the Bank of Baroda Consortium/BoB Consortium by way of a First Supplemental Working Capital Consortium Agreement dated 29th January 2009 The details of the BoB Consortium along with the amount of credit facility extended by each bank are as follows:

Sr.No.	Details of the members of the BoB Consortium	Credit facility extended by the Member Bank
1.	Bank of Baroda- "Lead Bank" ("BoB")	916
2.	Bank of India ("BoI")	796
3.	State Bank of Bikaner And Jaipur ("SBBJ")	490
4.	Indian Bank ("IB")	396
5.	HDFC Bank Limited ("HDFC")	360
6.	Central Bank of India ("CBI")	600
7.	State Bank of Indore ("SBIndore")	862
8.	Canara Bank ("CB")	498
9.	State Bank of Travancore ("SBT")	350
10.	State Bank of Mysore ("SBM")	386
11.	State Bank of Patiala ("SBP")	350
12.	Corporation Bank ("COB")	530
13.	Indus Ind Bank ("IIB")	360
14.	State Bank of India ("SBI")	498
15.	Punjab National Bank ("PNB")	300
16.	Bank of Baroda Ad-hoc Grant[1.]	28
	TOTAL	**7720**

[1]*An Adhoc Credit Facility of Rs. 28 million was granted by the Bank of Baroda against export bills for a period of 6 months. The said grant was secured by aFirst Supplmental Joint Deed of Hypothecation dated 29th January 2009 in relation to the Company's stocks, both present and future and including all stocks of raw materials, work in process, semi-finished goods such as namely rough diamonds, cut and polished diamonds, stock in process, semi finished and finished goods, stores not relating to plant and machinery (consumable stores and spares), Export/Local Bills Receivables, Book Debts, Moveable Plant and Machinery and Stores and Spares. The amount has been adjusted against the enhanced credit sanction credit limit of 18 crores from Bank of Baroda for the year 2009-10.*

As on September 30, 2009, the working capital facilities drawn by us from the aforesaid bank are as follows:

(Rs. in millions)

Name of the Bank	Pre-Shipment Limit	Post Shipment Limit	Cash credit	Ad hoc (under Gold card)	Total Limit	Amount outstanding as on September 30,2009
Bank of Baroda	320.00	510.00	100.00	166.00	1,096.00	734.85
Bank of India	232.00	348.00	100.00	116.00	796.00	677.18
State Bank of Bikaner and Jaipur	224.00	336.00	190.00	112.00	862.00	497.95
Indian Bank	100.00	150.00	190.00	50.00	490.00	314.83
HDFC Bank	132.00	198.00	-	66.00	396.00	304.52
Central Bank of India	120.00	180.00	-	240.00	540.00	480.23
State Bank of Indore	200.00	300.00	-	150.00	650.00	724.93
Canara Bank	116.00	174.00	150.00	58.00	498.00	419.40
State Bank of				50.00		348.05

Name of the Bank	Pre-Shipment Limit	Post Shipment Limit	Cash credit	Ad hoc (under Gold card)	Total Limit	Amount outstanding as on September 30,2009
Travancore	120.00	180.00	-		350.00	
State Bank of Mysore	112.00	168.00	50.00	56.00	386.00	411.77
State Bank of Patiala	80.00	120.00	100.00	50.00	350.00	351.43
Corporation Bank	160.00	240.00	50.00	80.00	530.00	448.11
Indus Ind Bank	100.00	150.00	50.00	50.00	350.00	358.39
State Bank of India	116.00	174.00	150.00	58.00	498.00	499.61
Punjab National Bank	100.00	150.00	-	100.00	350.00	**[●]**
Notional Exchange Difference*	-	-	-	-	-	(14.30)
Total	2,232.00	3,378.00	1,130.00	1,402.00	8,142.00	**6,556.95**

** Difference between the rate at which liability is booked in the books and rate at which funds are utilized*
For further details, please refer to "Financial Statements" on page121 of the Draft Red Herring Prospectus.

Security

The following Security has been created, on a pari passu basis, in relation to the repayment of the abovementioned credit facilities together with interest and other monies payable:

(A) Extention of Equitable Mortgage by deposit of title deeds dated 29th January 2009

Details of the Primary Security created in relation to the Primary Security are as follows:

(i) Properties belonging to "**C. Mahendra Exports Limited**":

(a) Office Premises No. 1204, Panchratna, Opera House, Mumbai-400004 Maharashtra, India

(b) Office Premises at 612 & 612A Prasad Chambers Opera House Mumbai- 400004, Maharashtra, India

(c) Factory Land & Building at No. A-26-9A & A-26-10 Udhana Sahakari Sangh Ltd. Udhana, Surat, India

(d) Flat No. 5 and Flat no A-6, 3rd Floor, Nagindas Mansion Co-operative Housing Society Limited, JSS Rd. Opera House Mumbai-400004, Maharashtra, India

(e) Plot no.26 Kadampalli Co-op Housing Society Ltd. Situated at block no. 1, nondh no. 1437B, T.P.S No 2, F.P No. 17, Paiki Timaliyawad, Nanpura, Surat, India.

(f) Leasehold rights in land admeasuring 2590 sq mtrs in ward Katargam, nondh no, 1961-A and 1962, T.P.S 4, F.P No. 37 Paiki taken on lease by C.Mahendra Exports Limited from Polo Developers Private Limited, Ashesha Trading Private Limited and Alright Trading Prvate Limited

(ii) Properties belonging to C. Mahendra International Limited

(a) Office premises No.1107 admeasuring 285 sq ft, 11th Floor, Prasad Chambers, Opera House, Mumbai - 400004, Maharashtra, India

(iii) Property belonging to Mr. Mahendra C. Shah (Director)

(a) Flat No. 18A, 18th Floor, together with stilt parking space no P/77 on the ground floor Lands End situated at 29-D, Dungarsee Road, Mumbai- 400006, Maharashtra, India

(iv) Property belonging to Mr. Rasila M. Shah (Director)

(a) Flat No. 18B, 18th Floor, together with stilt parking space on the ground floor Lands End situated at 29-D, Dungarsee Road, Mumbai- 400006, Maharashtra, India

(v) Property belonging to Mr. Champaklal K. Mehta (Director)

(a) Flat No. 202, Shamiana, 69 Walkeshwar Road, Mumbai bearing Re-survey no 3A/294 and 3/294 of Malabar Hill and Cumbala Hill Division, Maharashtra, India

(vi) Property belonging to Mr. Paras C. Mehta (Director)

(a) Flat No. 401, Geetanjali Garden 68-E, Napean Sea Road, Rungta Lane, Mumbai-400006, Maharashtra, India.

(vii) Property belonging to Mr. Pravin K. Mehta and Dipika C. Mehta (Director)

(a) Flat No. 41, Suraj Building, Bolton CHS, Malabar Cumbala Hill Division, 274 J.D Road, Mumbai- 400007, Maharashtra, India

(viii) Property belonging to Mr. Prakash K. Mehta and Hansa K. Mehta (Director)

(a) Flat No. 42, Suraj `Building, Bolton CHS, measuring 772 Sq. ft. situated at 274-JD Road Opp Bhatia Hospital, Tardeo Mumbai- 400007, Maharashtra, India

(ix) Property belonging to Polo Developers Private Limited

(a) Ownership right in the undivided share in land admeasuring 863.34 sq mtrs in ward Katargam, Nondh no. 1961-A and 1962, T.P.S 4, F.P No. 37 Paiki

(x) Property belonging to Ashesha Trading Private Limited

(a) Ownership right in the undivided share in land admeasuring 863.34 sq mtrs in ward Katargam, Nondh no. 1961-A and 1962, T.P.S 4, F.P No. 37 Paiki

(xi) Property belonging to Allright Trading Private Limited

(a) Ownership right in the undivided share in land admeasuring 863.34 sq mtrs in ward Katargam, Nondh no. 1961-A and 1962, T.P.S 4, F.P No. 37 Paiki

(b) Leasehold Rights in land admeasuring 2590 sq mtrs in Ward Katargam, Noddh No. 1961-A and 1962 T.P.S 4, F.P. No. 37 Paiki acquired by M/s C. Mahendra Exports (now named C. Mahendra Exports Limited) on lease from Polo Developers Private Limited, Ashesha Trading Private Limited, and Allright Trading Private Limited, together with the buildings and structures namely sheds and office premises constructed thereon by the erstwhile partnership firm

(B) First Supplemental Working Capital Consortium Agreement dated January 29, 2009

(a) This Agreement is the First Supplemental to the Working Capital Consortium Agreement dated 29th January 2009 entered into between the Borrower and the Bank of Baroda Consortium ("***Principal Working Capital Consortium Agreement***")

(b) Punjab National Bank has been inducted in the Consortium in reference to the consortium meeting held on July 18, 2008 under the Consortium Arrangement wherein Punjab National Bank has been sanctioned an aggregate fund based and non-fund based limit to the tune of Rs. 30 Crore.

(c) The facilities together with interest penal interest, cost, charges, expenses and other moneys whosoever due and payable by the Borrower to Bank of Baroda, under the Principal Working Capital Consortium Agreement shall henceforth be secured by ist pari-passu charge in favour of **Bank of Baroda**, **Bank of India** and **Central Bank of India** by way of First charge ranking pari-passu without any preference or

(C) Personal Guarantee for M/s C. Mahendra Exports Limited in favour of Bank of Baroda Consortium dated January 29, 2009

The Personal Guarantee has been issued by the following guarantors in favor of the consortium of Banks led by Bank of Baroda to pay them the principal sum of Rs 772 crores along with interest up to the date of payment and also losses or damages, costs, charges etc. in case the Company defaults in meeting its obligations under the consortium arrangement:

1. Mr. Mahendra C. Shah
2. Mr. Pravin C. Shah
3. Mr. Kanu C. Shah
4. Mr. Sandeep M. Shah
5. Mr. Sameer P. Shah
6. Mr. Suken P Shah
7. Mr. Chmpak K.Mehta
8. Mr. Prakash K.Mehta
9. Mr. Pravin K.Mehta
10. Mr. Paras C.Mehta
11. Mr. Suresh K.Mehta
12. Mr Kevin P. Mehta
13. Mrs. Rasilaben M.Shah
14. Mrs. Dipika C. Mehta
15. Mrs. Hansa Prakash Mehta

(D) Deeds of Corporate Guarantee executed by Polo Developers Private Limited, C..Mahendra International Limited, Ashesha Trading Private Limited, Allright Trading Private Limited on January 29, 2009

Polo Developers Private Limited, C..Mahendra International Limited, Ashesha Trading Private Limited, Allright Trading Private Limited have given a corporate guarantee vide separate deeds of corporate guarantee in relation to the Consortium Arrangement. The Key covenants are as follows:

Key Covenants

(i) The Guarantee shall be enforceable against the Company notwithstanding that any negotiable instruments shall be outstanding at the time when proceedings against the Company shall be taken.

(ii) The Bank may in its sole discretion invoke this guarantee as regards the amount due from the Company under any of the credit facilities mentioned hereinabove, without prejudice to its right to invoke this Guarantee thereafter in respect of other credit facilities.

(iii) The Guarantee shall not be avoided, released or affected by the Bank giving time to the Company or any other obligant for payment of any sums due from the Company or making a composition with the Borrower making any variations in the terms of the documents.

(iv) The Guarantee shall be a continuing guarantee to the extent at any time of Rs. 772 crores together with interest as well as cost, charges and expenses and/or other money for the time being due to consortium banks and shall not be considered as wholly or partially satisfied or exhausted by payment or liquidation at any time or times hereafter any sum or sums of money for the time being due in respect of any advance in respect of such accommodation as

aforesaid but shall within the limit aforesaid extend to cover and be a security for every sum and all sums of money at any time due to the Bank in respect thereof notwithstanding the fact that the said account may at any time from time to time be reduced or extinguished and thereafter reopened or the Balance sheet of the said account be brought to credit.

(v) So long as any money remains owing under this guarantee the Bank shall have a lien on any monies standing to the credit of the Guarantor with the bank and on any securities in the Bank's hands belonging to the Guarantor or under the control of the Guarantor.

(E) First Supplemental Joint Deed of Hypothecation dated 29 January, 2009

The ***First Supplemental*** Joint Deed of Hypothecation dated January 29, 2009 has the effect of creating a hypothecation in relation to the whole of current assets of the Company namely, stocks of Raw Materials including rough diamonds cut and polished diamonds stock in process, semi finished and finished goods, bills receivable and other book debts and all other movables both present and future whether lying in stores godowns or any other property held by the company or in the possession of the job workers whether held in possession of the company by way of substitution or addition including all and singular the movable plant and machinery equipments, accessories, spares tools etc.

(ii) Post shipment Finance in relation to Ad Hoc Credit Facility from HDFC Bank

The Company has been granted an ad hoc credit facility from HDFC Bank for post shipment finance for an amount of Rs. 140 million by way of two separate grants of Rs 80 million and 60 million respectively. The credit facility has been granted for purchase of raw-materials into finished goods for the purpose of export of the finished goods in pursuance of orders that may be received by the Company from overseas buyers and to grant the Company post-shipment advances upon the Company delivering to the Bank the relevant shipping documents. However, as on February 28, 2010, the total amount outstanding in relation to the said facility is Rs 50 million. Brief terms and conditions of this facility are set forth below.

The Company has given a demand promissory notes dated July 10, 2009 and July 8, 2010 for the ad hoc credit facilities amounting to Rs. 60 million and Rs 80 million respectively as a security for the repayment of amounts due under the Post Shipment Credit Facility. The demand promissory note is in the nature of a continuing security and is enforceable for the repayment of the ultimate balance or all sums remaining unpaid under the Post Shipment Credit Facility.

In relation to the above mentioned ad hoc credit facilities, the Company has executed respective Continuing Agreement cum Indemnity for Export Credit dated July 10, 2009 and July 8, 2010 in favour of HDFC Bank. The key covenants of these agreements are as follows:

(a) In the event of Company's inability to execute any export order against which the Bank has granted pre-shipment advance, the Company shall promptly notify the Bank and the Bank shall be entitled to charge interest at the rate applicable at the relevant time to cash credit advance from the date of disbursement of the advance.

(b) In the event of premature liquidation of credit granted in foreign currency on account of early negotiation of documents/early realization of export proceeds/non-export, the Company shall pay the Bank the breakage fee as specified in the letter of offer.

(c) The Company shall not directly negotiate any shipping documents covering the shipment with respect to which the Bank may have granted a pre-shipment advance to the Company.

(d) In case of foreign currency bills/documents discounted/negotiated by the Bank at the request of the Company, the exchange risk shall be borne by the Bank till 30 days after the notional due date of the bill, as determined by FEDAI guidelines.

(e) In case the Bank holds a guarantee from another party guaranteeing the due performance of the obligations of the Company, the Bank shall be at a liberty to demand payment for recovery of the amount that may be due from the Company from the guarantor.

(B)TERM LOAN FACILITIES

In addition to working capital facilities our Company has availed of foreign currency term loan facility from Bank of India, amounting to Rs. 375.00 million in respect of its windmill project located at Sangli District, Maharashtra and term loan facility from Central Bank, amounting to Rs. 135.00 million in respect of its two windmill projects located at Kutch, Gujarat.

Bank	Loan (Rs million)	Outstanding as on September 30, 2009 (Rs. in millions)	Repayment and Interest	Security created	Other Covenants
Bank of India	375.00	187.50	Repayment in 24 quarterly instalments of Rs. 15.63 million or its equivalent in foreign currency Foreign Currency Loan at 6M LIBOR plus 300 bps to be reset every 6 months as per RBI Directives/ as advised by bank from time to time	(i) Hypothecation of plant and machinery (8 windmills) (ii) Equitable mortgage of property, namely land situated at Gat No. 435, 453, 456, 478, 851, 388 and 479 at village Ghatandre, Taluka-Kavathemahankal, Sangli	a. Firm to enter Power Purchase Agreement with the Maharashtra State Distribution Company Limited before disbursement of Term Loan. b. Firm to give an undertaking/letter to deposit the sale proceeds directly received by them from MSEB in their account with the Bank of India along with an irrevocable authority from the Company authorizing Suzlon to deposit the sale proceeds/cheque from MSDCL with the Company. c. The Company to submit all the approvals from the State/Central Government Departments, including MSEB/MEDA. d. All the terms/conditions for existing working capital under the consortium arrangement for diamond business as sanctioned and improved through the new diamond policy to apply mutatis mutandis to this Term Loan.
Central Bank	135.00	101.25	60 equal monthly instalments of Rs.2.25 million. Monthly interest to be services	(i) Corporate Guarantee by Promoters, Directors, their relatives, Group	1. Bank reserves the right to enhance the rate of interest in case of downgrading of Credit Risk

Bank	Loan (Rs million)	Outstanding as on September 30, 2009 (Rs. in millions)	Repayment and Interest	Security created	Other Covenants
			then and there. Initial moratorium period: 6 months (Door to Door: 66 Months)	Companies, Subsidiary (ii) Hypothecation of Machinery – 2 Wind Turbine generators for which term loan is allowed	

Restrictive Covenants

The various sanction letters, loan agreements executed by our Company for availing the above facilities contain certain covenants requiring our Company to take prior approval of our lenders and restricting us from taking certain actions. Such covenants in our loan agreements are summarised below:

During the subsistence of the liability the Company may not without prior approval of the bank:

1) Effect any change in the unit's capital structure or its Accounting method.

2) Formulate any scheme of amalgamation or reconstruction.

3) Implement any new scheme of expansion or take up an allied business or manufacture.

4) Declare dividends or distribute profits except where installments of principal and interest payable to the bank are being paid regularly and there are no irregularities in payment of the same for the aforesaid credit facilities.

5) Enlarge the scope of other trading manufacturing activities if any undertaken at the time of the application and notified to the bank as such.

6) Withdraw or allow to withdraw any money brought in by the Promoters or directors or any of their relatives or friends.

7) Invest by way of share capital or lend or advance loans to any company including a subsidiary company without prior approval of the bank.

8) Enter into a borrowing arrangement whether secured or unsecured with another bank, financial institution or credit agency or company or otherwise. Accept any such deposits in any arrangement that is not indicated in the funds flow statement submitted to the bank.

9) Enter into any contractual obligation of a long term which affects the company financially to a significant extent.

10) Undertake any new project implement or acquire any fixed assets except those which have been indicated in the funds flow statement submitted to the bank.

11) Pay guarantee commission to the guarantors whose guarantees have been stipulated in the Sanction Letters.

12) Undertake guarantee obligations on behalf of any firm or company or concern.

13) Declare dividends for any year except out of the profits relating to that year.

14) Create any further charge or lien on assets and properties of the unit already charged to this bank in favour of any other bank or financial institution

15) Sell/Assign/Mortgage or otherwise dispose off any of the fixed assets charged to the bank.

16) Change the practice with regard to any remuneration of Directors

17) Undertake any trading activity other than sale of products arising out of its own manufacturing operations.

18) Make any drastic changes in its management structure such as any transfer of controlling interest.

19) The company shall not divert the loan proceeds to capital markets/ purposes other than those sanctioned.

20) The company shall not induct on its board any person whose name is on the list of willful defaulters list of RBI/CIBIL other than as nominee/Professional/Honorary Director. Permit any transfer of controlling interest in the company.

21) Undertake any trading activity other than sale of products arising out of its own manufacturing operations.

22) Do anything or allow anything to be done that may prejudice the the security kept with the bank.

23) The Company shall not make any changes to the Memorandum or Articles of Association without previous consent of the bank.

24) Our Company shall not invest by way of share capital or lend or advance loans to any company including a subsidiary company without prior approval of the bank. Normal trade credit or security deposits in the normal course of business or advances to employees can however be extended.

Each time we undertake or propose to undertake such restricted activities, we will be required to obtain specific consents of our Lenders for such activity.

Unsecured Loans by our Company

(Rs. in millions)

Particulars	As at September 30, 2009
From Directors*	453.52
From Shareholders /Partners*	915.96
From Others	43.60
Total	**1,413.08**

* The loans are interest free.
The above loans are repayable on demand

SECTION VII - LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES

Except as described below, there are no outstanding litigation, suits, criminal or civil prosecutions, statutory or legal proceedings including those for economic offences, tax liabilities, show cause notices or legal notices pending against our Company, its Subsidiaries, Directors and Promoter Group Companies and there are no defaults including non payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits issued by our Company, defaults in creation of full security as per the terms of issue/other liabilities, proceedings initiated for economic / civil / any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of our Company, the Subsidiaries and / or Promoter Group Companies except as stated below, and no disciplinary action has been taken by SEBI or any stock exchange against our Company, its Directors and / or its Subsidiaries and / or the Promoter Group Companies. Unless stated to the contrary, the information provided below is as on the date of the Draft Red Herring Prospectus.

Neither our Company nor its Subsidiaries, the Promoter Group Companies and / or the Directors are associated or were associated in the past, with Companies which have been declared as willful defaulters by the RBI or any other Governmental authority and, except as disclosed in this section in relation to litigation, there are no violations of securities laws committed by them in the past or pending against them.

This chapter has been divided into following parts

1. Contingent Liability
2. Outstanding Litigations involving our Company
3. Outstanding Litigations involving our Promoters
4. Outstanding Litigations involving our Directors
5. Outstanding Litigations involving our Subsidiaries
6. Outstanding Litigations involving our Group Companies
7. Penalties imposed in past cases for the last 5 years
- **a) Past cases in which Penalties imposed on our Company**
- **b) Past cases in which Penalties imposed on our Promoters**
- **c) Past cases in which Penalties imposed on our Directors**
- **d) Past cases in which Penalties imposed on our Subsidiaries**
- **e) Past cases in which Penalties imposed on our Group Companies**

8. Amounts owed to small scale undertakings
9. Material Developments

1. Contingent liabilities not provided for as on March 31, 2009 and six month ended September 30, 2009.

The contingent liabilities not provided for and outstanding guarantees as on September 30, 2009 (as disclosed in our Company's restated consolidated financial statements) are as set out below:

(Rs. in million)

Particulars	As at September 30, 2009
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	13.22
Bank guarantee to the President of India (Custom authorities).	0.05
Bond executed in favour of President of India (Custom authorities) for imports under EPCG scheme.	0.14
Bond executed in favour of The President of India towards provisional release of seized goods.	30.62
Bond executed in favour of The President of India towards manufacture of goods for exports.	10.00
Bond executed in favour of Octroi authorities.	0.03
Disputed income tax liabilities.	0.45
Disputed custom duty liabilities	11.00

Disputed service tax liabilities	0.24
TOTAL	**65.75**

2. Outstanding Litigations involving our Company

A. Outstanding Litigations against our Company

Income tax

Assessment Year 2008-09

Notice dated February 10, 2010 issued by Assistant Commissioner of Income-Tax – 5(1), Mumbai

Notice dated February 10, 2010 has been issued to the Company by the Assistant Commissioner of Income-Tax – 5(1), Mumbai under Section 115WE of the Income-tax Act, 1961 for payment of fringe benefit tax amounting to Rs.11,030/-. The matter is currently pending.

Notice dated July 07, 2009 under Section 143(1) of the Income-tax Act, 1961 was issued to our Company for the Assessment Year 2008-2009 demanding a payment of Rs. 14,99,922/-.

Notice dated July 07, 2009 under Section 143(1) of the Income-tax Act, 1961 was issued to our Company for the Assessment Year 2008-2009 demanding a payment of Rs. 14,99,922/-. Further an application dated January 23, 2010 was made by the Company under Section 154 of the Income-tax Act, 1961 with respect to the notice dated July 07, 2009 to the Assistant Commissioner of Income Tax – 5(1) claiming a refund of Rs. 12, 443/-.

Assessment Year 2007-08

Notice dated November 25, 2009 issued under Section 92CA(2) of the Income-tax Act, 1961 by Additional Commissioner of income Tax, Transfer Pricing –I(2), Mumbai

The Additional Commissioner of Income-Tax, Transfer Pricing –I(2), Mumbai has issued a notice dated November 25, 2009 under Section 92CA(2) of the Income-tax Act, 1961 *inter alia* instructing our Company for submission of agreements entered with the associated enterprises in respect of international transactions, copy of transfer pricing/review report, copy of annual reports and audited accounts.

B. Outstanding Litigations by our Company

Assessment Year 2004-05

Appeal filed by our Company before the Commissioner of Income-Tax (Appeals) – XVII against the assessment order dated December 8, 2008 passed under section 143 (3) of the Income Tax Act, 1961

The abovementioned appeal has been filed by our Company before the Commissioner of Income-Tax (Appeals) – XVII against the assessment order dated December 8, 2008 passed under section 143 (3) of the Income Tax Act, 1961. The said order was passed by Deputy Commissioner of Income-tax disallowing labour charges claimed by the Company. The Deputy Commissioner of Income-tax had also issued a notice of demand under Section 156 of the Income-tax Act, 1961 to the Company for a sum of Rs 4, 46,962/-. Further, the said order was passed in relation to the original assessment order under Section 143(3) of the Income Tax Act, 1961 passed on December 28, 2006 assessing the total income at Rs 15, 83, 70, 100/- , which was reopened as an intimation was received from the ITO, Ward 9(1), Surat on September 6, 2007 that the Company's claim of Labour charges to Mr. Dhirubhai Shambhubhai Diyora should be disallowed as Mr. Dhirubhai Shambhubhai Diyora has stated in the statement recorded that he has not carried any job activities for the Company during the year. The said matter is pending before the Commissioner of Income-Tax (Appeals) – XVII.

Second appeal being ITA no. 4078 / Mum- 2007 preferred by our Company before the ITAT, Mumbai against the order passed by the CIT (A) XVII, Mumbai which was against the order passed by DCIT, Range 16 (3), Mumbai for the assessment year 2004-05

A second appeal being ITA no. 4078 / Mum- 2007 has been preferred by our Company before the ITAT, Mumbai against the order passed by the CIT (A) XVII, Mumbai which was against order passed by the DCIT, Range 16 (3), Mumbai for the assessment year 2004-05, inter-alia on the following grounds:

(a) the CIT (A) erred in not directing the Assessing Officer to give deduction under section 80HHC of Rs. 6,683,804/- as claimed by the appellant;

(b) the CIT (A) erred in treating the interest income of Rs. 4,755,843/- as income under the head "profits and gains of business or profession" and directing the Assessing Officer to reduce 90% of the gross arrears, while working out the adjusted profits, resulting in reduction in claim of deduction under section 80HHC.

(c) the CIT (A) erred in confirming the action of the Assessing Officer in not allowing the netting off of the interest earned of Rs. 4,755,843/- on bank fixed deposits against the interest paid while calculating the direct and indirect cost for the purpose of computation of deduction under section 80 HHC.

(d) The CIT (A) erred in not allowing the deduction of the relevant expenditure and the interest paid from the interest earned while calculating income under the head "Profits and gains of business or profession"

Vide its order dated April 9, 2008, disposing off the aforesaid second appeal and also the cross appeal filed by the Revenue against the order of CIT (A), the ITAT dismissed ground nos. 1 and 2, since the same was not impressed upon by the counsel of our Company and allowed ground nos. 3 and 4 of the aforesaid second appeal for statistical purposes, thereby redirecting the Assessing Officer to adjudicate upon the issue in the said grounds 3 and 4 and also such other decisions as may be determined by our Company. Accordingly, the aforesaid second appeal of our Company is partly allowed. The case is therefore pending.

Civil Suits

Civil Suit no. 60/2010 filed by the Company against United India Insurance Company Limited ("UIICL") before the High Court of Judicature at Bombay

The abovementioned suit has been filed by our Company against United India Insurance Company Limited ("UIICL") before the High Court of Judicature at Bombay challenging the order dated November 19, 2007 passed by the Supreme Court of India rejecting the Special Leave Petition bearing No. 22443-22444 of 2007. The matter relates to claim preferred by the Company against the loss suffered by it under the Jeweller's Block Policy" vide Policy No. 021400/46/01/00303 on August 31, 2001 due to explosion of the boiler resulting in damage to its diamonds. The Company had preferred a complaint bearing Original Petition No. 13 of 2005 before the National Consumer Disputes Redressal Commission on February 8, 2005 praying for a direction against UIICL to pay to the Company a sum of Rs 3,03,57,831/- from December 1, 2001 @ 18% till the date of payment. The National Consumer Disputes Redressal Commission *vide* order dated April 16, 2007 directed that the original complaint be withdrawn for filing a Civil Suit before an appropriate court of law. The Company thereafter preferred a Miscellaneous Application No. 129 of 2007 before the National Consumer Disputes Redressal Commission for reviewing and recalling the order dated April 16, 2007. The National Consumer Disputes Redressal Commission *vide* order dated July 17, 2007 confirmed that the order passed on April 16, 2007 does not call for any review and dismissed the Miscellaneous Application No. 129 of 2007 filed by the Company. The Company aggrieved by the order dated July 17, 2007 preferred a Special Leave Petition bearing No. 22443-22444 of 2007 before the Supreme Court of India and the same was rejected *vide* order dated November 19, 2007. The present suit has been filed against the said order dated November 19, 2007.The total financial claim involved in this case is Rs 7,08,85,000/- along with damages for loss of business to the tune of Rs 2,00,00,000/-. The matter is currently pending before the High Court of Judicature at Bombay.

Service Tax Proceedings

Refund claim filed for an amount of Rs. 335,700

The Company has filed a refund claim dated October 6, 2009 in relation to Service Tax paid on taxable services used for export of materials as an exporter under Notification No. 17/2008 – Service Tax dated April 1, 2008 read with Notification No. 41/2007 dated October 6, 2007 for the quarter April 2009 to June 2009. The total amount of financial claim involved is Rs. 335,700/-.

Refund claim filed for an amount of Rs. 96,772

The Company has filed a refund claim dated September 23, 2009 in relation to Service Tax paid on taxable services used for Export of materials as an exporter under Notification No. 17/2008 – Service Tax dated April 1, 2008 read with Notification No. 41/2007 dated October 6, 2007 for the quarter July 2009 to September 2009. The total amount of financial claim involved is Rs. 96,772/-.

Refund claim filed for an amount of Rs. 155,678

The Company has filed a refund claim dated September 16, 2009 in relation to Service Tax paid on taxable services used for Export of materials as an exporter under Notification No. 17/2008 – Service Tax dated April 1, 2008 read with Notification No. 41/2007 dated October 6, 2007 for the quarter January 2009 to March, 2009. The total amount of financial claim involved is Rs 155,678/-.

Excise and Customs Cases

An appeal petition has been filed by our Company before the CESTAT vide a stay application in Customs Appeal Nos. 429-430 of 2007 for seeking s stay on the encashment of bank guarantee furnished by our Company to the Commissioner of Customs.

The erstwhile M/s C. Mahendra Exports Private Limited (now CMEL / our Company), in pursuance of its business activity of exporting cut and polished diamonds had sought to export diamonds under a shipping bill no. 000719 dated January 16, 2007 along with the relevant export invoice. However, the goods were subjected to physical examination by certain customs officers, wherein it was detected that the pieces per carat declared in the invoice did not tally with the pieces per carat actually found on examination. The goods were also subjected to verification for its clarity with the IDI, Surat, which revealed that the diamonds were at the lower side than what was declared in the export invoice. Since there appeared to be a mis-declaration of the clarity and number of pieces per carat of the goods by our Company on the basis of a valuation report, and an over-valuation to the extent of Rs. 7,348,741/-, the goods were held liable for confiscation in terms of sections 113 (h) and 113 (i) of the Customs Act, 1962 and were accordingly placed under seizure under section 110 of the Customs Act, 1962. Thereafter, the exporter, i.e. our Company addressed a letter to the Commissioner of Customs dated February 9, 2007 seeking provisional release of the seized goods after which, the seized goods were released provisionally for export on execution of bond of Rs. 30,622,000/- and a bank guarantee of Rs. 7,655,500, both dated March 19, 2007. A show cause notice was also issued to our Company by the Commissioner of Customs, Ahmedabad, being F.No. VIII / 10-7/ Commr./ OA / 07 dated July 12, 2007 under section 124 of the Customs Act, 1962, alleging that our Company had not only violated provisions of the Customs Act, 1962 but also section 7(1)(a) of the Foreign Exchange Management (Export of Goods and Services Regulation), 2000. It was further alleged that Mr. Suresh K Mehta, the erstwhile partner of the erstwhile M/s C. Mahendra Exports (now CMEL / our Company), was personally liable to penalty under sections 114 / 114A of the Customs Act since he had signed the export invoice and was responsible for the export and import. The show cause notice also required our Company to show cause as to why the goods sought to be shipped for exports should not be confiscated and why the penalty should not be imposed on our Company and also on Mr. Suresh K Mehta under section 114/114A of the Customs Act, 1962. In reply to the show cause notice, our Company, inter-alias, sought reliance upon the panel reports stating that the expert opinion reports cannot be rejected and Mr. Suresh Mehta contended that in the absence of any specific material / allegation or evidence or proof in the alleged evasion of duty no penal action can be warranted for. Accordingly, the Commissioner of Customs, Ahmedabad passed an order October 19, 2007 enforcing the conditions of the bond furnished by our Company and imposed a fine of Rs. 6,000,000/- in lieu of the confiscation on our Company together with a penalty of Rs. 5,000,000/-. A penalty of Rs. 5,000,000/- was also imposed upon Mr. Suresh Mehta. Apprehending that the Supt. of the Commissioner of Customs, Surat would encash the bank guarantee furnished by our Company before expiry of the period of appeal, our Company filed an appeal petition before the CESTAT. Vide its order dated February 14, 2008, the CESTAT, West Zonal Bench prima facie held that our Company is guilty of mis-declaration in respect of number of pieces per carat and clarity of diamonds and further held that a case for total waiver of penalty was not made out by our Company. CESTAT, West Zonal Bench also concluded that since the redemption fine imposed on our Company was Rs. 6,000,000 and a sum of Rs. 7,655,500 stands appropriated against the Bank Guarantee furnished by our Company, CESTAT directed our Company to deposit a further sum of Rs. 1,000,000 and waived off the balance amount of penalty on our Company as well as on the partner, Mr. Suresh K Mehta. The said sum of Rs. 1,000,000 has been duly deposited by our Company vide a challan no. 100/07-08 dated March 11, 2008. Aggrieved by the encashment of the bank guarantee by the Supt. of the Commissioner of Customer, Surat, our Company filed a Writ Petition / Special Civil Application before the Gujarat High Court praying for issuance of an appropriate writ, order or direction in the nature of mandamus for redeposit of the encashed amount and pending the final disposal of the said Writ Petition / Special Civil Application for seeking a direction from the Gujarat High Court to hold inquiry and to initiate proceedings against the concerned officers. However, our Company filed for withdrawal of this Writ Petition. Vide an order dated April 16, 2008, the Gujarat High Court granted leave for withdrawal of the said Writ Petition. Further *vide* order dated December 15, 2009 stay was extended for a further period of six months or till the disposal of the appeal whichever is earlier. The case is however pending before the CESTAT.

Writ Petition

Writ Petition No. 2482 of 2006 filed by our Company and 42 others against the Union of India, Ministry of Finance, Central Board of Excise and Customs and the Superintendent of the Central Board of Excise and Customs before the Supreme Court of India.

Our Company is one of the Sightholders of the Diamond Trading Company and mines and trades in rough diamonds. Periodically, the Diamond Trading Company announces its sights where only a few selected sightholders have the opportunity to examine and purchase the various rough diamonds put on sale by the Diamond Trading Company. The Union of India through the office of Central Board of Excise and Customs sought to levy service tax upon our Company and the other petitioners to the said Writ Petition under the provisions of the Finance Act, 1994 in respect of the services rendered and received outside India by Indian entities / individuals for two periods of assessments. Accordingly, the office of Central Board of Excise and Customs under authority from its Superintendent and in terms of a circular which was declared as law by the Honorable Supreme Court of India, repeatedly recognized and reiterated that our Company was liable to pay service tax. Doubts were then raised by our Company as to whether the services provided by them outside the territorial limits of Indian waters were liable to service tax as claimed by the office of the Central Board of Excise and Customs. Our Company contended that, in view of a notification no. 1/2002-ST and the provisions of Chapter V of the Finance Act, 1994, the territorial applicability of service tax did not extend beyond the limits of the designated areas in the Continental Shelf and the Exclusive Economic Zones of India and therefore our Company would not be liable to the payment of service tax as alleged by the office of the Central Board of Excise and Customs. Accordingly, our Company filed the said Writ Petition. The said Writ Petition is currently pending.

3. Outstanding Litigation involving our Promoters

A. Outstanding Litigations against our Promoters

NIL

B. Outstanding Litigations by our Promoters

NIL

4. Outstanding Litigation involving our Directors

A. Outstanding Litigations against our Directors

NIL

B. Outstanding Litigations by our Directors

NIL

5. Outstanding Litigations involving our Subsidiaries

A. Outstanding Litigations against our Subsidiaries

i. C. Mahendra International Limited
NIL

ii. C. Mahendra BVBA, Antwerp
NIL

iii. Ciemme Jewels Limited

Assessment Year 2005-2006

An appeal has been filed by Ciemme Jewels Limited ("**CJL**") before the Commissioner of Income-tax (Appeals) VIII against the order dated December 05, 2007 passed by the Deputy Commissioner of Income-tax, 8(1), Mumbai for the Assessment Year 2005-2006 ("**Assessment order dated December 5, 2007** "). CJL

was a private limited company engaged in the business of jewellery manufacturing and exports. It filed its return of income on October 26, 2005 declaring a loss of Rs. 1,16,06,790/-. The Assessment order dated December 5, 2007 restricted the total loss of CJL at Rs. 1,10,49,659/- after making an addition of Rs. 5,57,131/- out of which (i) Rs 3,46,433/- were towards disallowance of Employee's Contribution to Provident Fund/Employee State Insurance Fund for delayed payment; (ii) Rs 10,698/- were towards prior periodic expenses and (iii) Rs 2,00,000/- were towards Adhoc disallowance in Motor Car Expenses, Conveyance and Staff Welfare expenses. The matter is currently pending.

iv. Ciemme (LA) Inc., USA
NIL

v. C. Mahendra Exports (HK) Limited., Hong Kong
NIL

vi. C Mahendra (USA) Inc., USA
NIL

vii. C. Mahendra (NY) LLC, USA
NIL

viii. Ciemme (NY) LLC, USA
NIL

B. Outstanding Litigations against our Subsidiaries

i. C. Mahendra International Limited
NIL

ii. C. Mahendra BVPA, Antwerp
NIL

iii. Ciemme Jewels Limited, India
NIL

iv. Ciemme (LA) Inc., USA
NIL

v. C. Mahendra Exports (HK) Limited., Hong Kong

NIL

vi. C Mahendra (USA) Inc., USA
NIL

vii. C. Mahendra (NY) LLC, USA
NIL

viii. Ciemme (NY) LLC, USA
NIL

6.Outstanding Litigations involving our Group Companies

A. Outstanding Litigations against our Group Companies

i. KPM Realty Private Limited

NIL

ii.Ashesha Trading Private Limited

NIL

iii.Polo Developers Private Limited

NIL

iv. CM Infojewels Private Limited

NIL

v. Infojewels (India) Private Limited

NIL

vi. C. Mahendra Capital Private Limited

NIL

vii. Allright Trading Private Limited

NIL

viii.C. Mahendra Jewels Private Limited

NIL

B. Outstanding Litigations by our Group Companies

i. KPM Realty Private Limited

NIL

ii.Ashesha Trading Private Limited

NIL

iii.Polo Developers Private Limited

NIL

iv. CM Infojewels Private Limited

NIL

v. Infojewels (India) Private Limited

NIL

vi. C. Mahendra Capital Private Limited

Assessment Year 2005-2006

C.Mahendra Capital Limited has filed an appeal before the Commissioner of Income Tax (Appeals) V, under section 246 A of the IT Act in respect of assessment order dated November 30, 2007 passed by the Deputy Commissioner of Income Tax,5(1) (the "Assessing Officer"), and challenging the Assessment Order on the grounds that the Assessing Officer has erred in making an addition of Rs. 750,000 as income from undisclosed sources, as a result of which a tax demand of Rs. 9,000 was imposed on CMCPL .The Assessing Officer has also initiated penalty proceedings under section 274(1)(c) against CMCPL by notice dated November 20, 2007. Further *vide* order dated January 19, 2009 the Commissioner of Income Tax (Appeals) V dismissed the appeal as mentioned above and thereafter C.Mahendra Capital Limited filed an appeal before the Income Tax Appellate Tribunal, Mumbai on February 17, 2009 against the appellate order dated January 19, 2009 passed by the Commissioner of Income-tax (Appeals) – V, Mumbai, and challenged the order on the grounds that the Commissioner of Income-tax has erred in confirming an addition of Rs.

750,000 as income from undisclosed sources.The matter as mentioned above along with the penalty proceedings is currently pending before the Income Tax Appellate Tribunal, Mumbai.

vii. Allright Trading Private Limited

NIL

viii.C. Mahendra Jewels Private Limited

Assessment Year 2000-01

An income tax appeal dated April 19, 2007, bearing lodging no. 792/07 has been preferred before the High Court of Bombay by the Commissioner of Income Tax-5 against CMJPL in respect of the assessment year 2000-01 from an order passed by the ITAT, Mumbai, inter-alia on the following grounds:

(a) The ITAT, Mumbai ought not to have allowed the appeal and should have upheld the CIT order dated March 2, 2004.
(b) The ITAT, Mumbai while allowing the appeal erred in holding that every loss of revenue as a consequence of the Assessing Officer's order cannot be treated as prejudicial to the interest of the revenue.
(c) The ITAT, Mumbai should have treated the interest of Rs. 1,641,583 as "Income from Other Sources" and tax CMJPL accordingly as the same is not eligible for exemption under section 10(A) of the Act;
(d) The ITAT, Mumbai out to have followed the ratio set out in a Supreme Court order.
(e) The ITAT, Mumbai ought to have appreciated that the non taxing of the interest income of Rs. 1,641,583 as income from other sources and allowing the same as deduction under section 10(A) of the Act resulted in under assessment and therefore erroneous and prejudicial and was rightly set aside;
(f) The order of the ITAT, Mumbai is otherwise bad in law and not maintainable in the facts and circumstances of the case and contrary to the provisions of the Act.

The total amount involved in the aforesaid income tax appeal is valued at Rs. 1,029,347 and is now pending for admission before the High Court of judicature at Bombay.

7. Penalties imposed in past cases for the last 5 years

a)Past cases in which Penalties imposed on our Company

Sr. No.	Amount of penalty/ fine imposed	Brief particulars regarding the penalty imposed	Remarks – (paid/payable) and reasons thereof
1.	11,000,000	Fine of Rs. 6,000,000 and penalty of Rs. 5,000,000 imposed on our Company (the erstwhile partnership firm) under the excise and customs case appearing at Part I C above.	Of the total amount of Rs. 11,000,000, an amount of 1,000,000 has been deposited by our Company vide a challan dated March 11, 2008 and a sum of Rs. 7,655,500 has been appropriated against the bank guarantee furnished by our Company. The balance amount of 2,344,500 by way of penalty and fine payable has been waived off vide an order of the CESTAT dated February 14, 2008. For further details please refer to the excise and customs case appearing at Part I C above.

b) Past cases in which Penalties imposed on our Promoters

NIL

c) Past cases in which Penalties imposed on our Directors

NIL

d) **Past cases in which Penalties imposed on our Subsidiaries**

Sr. No.	Amount of penalty/ fine imposed	Brief particulars regarding the penalty imposed	Remarks – (paid/payable) and reasons thereof
2.	30,000	Fine imposed on Ciemme Jewels Ltd by the Commissioner of Customs	Paid
3.	15,000	Penalty imposed on Ciemme Jewels Ltd by the Commissioner of Customs	Paid
4.	50,000	Penalty imposed on Ciemme Jewels Ltd by the Excise Department	Paid

e) **Past cases in which Penalties imposed on our Group Companies**

NIL

VI. Material Developments since the Last Balance Sheet Date

Except as disclosed in the chapter titled "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" beginning on page 194 and in the section titled " ***Material Developments Since The Balance Sheet Date***" beginning on page 208 of the Draft Red Herring Prospectus, in the opinion of our Company's Board, there have not arisen, since the date of the last financial statements disclosed in the Draft Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of our consolidated assets or our ability to pay material liabilities within the next 12 months.

VII. Outstanding dues to small scale undertaking(s) or any other creditors

There are no outstanding dues above Rs. 0.10 million to small scale undertaking(s) or any other creditors by our Company, for more than 30 days.

GOVERNMENT AND OTHER STATUTORY APPROVALS

Except for pending approvals mentioned under this heading, our Company has received the necessary material consents, licenses, permissions and approvals from the Government/RBI and various Government agencies required for undertaking this Issue and its current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue our business activities. Unless other wise stated, these approvals are all valid as of the date of the Draft Red Herring Prospectus.

A. Approvals For The Issue

We have received the following approvals relating to the Issue:

1. Board resolution U/s. 81(1A) dated February 03, 2010 authorising this Issue;

2. Shareholders resolution U/s. 81(1A) dated March 04, 2010 authorising this Issue.

3. In principle approval from the NSE dated [●].

4. In principle approval from the BSE dated [●].

5. SEBI observation letter no.[●] dated [●]

B. Approvals for our Business

I. GENERAL

1. Certificate of Incorporation issued to our Company, bearing the name "C.Mahendra Exports Private Limited" dated January 04, 2007 bearing CIN U27205MH2007PTC166717 issued by the Registrar of Companies, Maharashtra.

2. Fresh Certificate of Incorporation issued to our Company, pursuant to the change of name from "C. Mahendra Exports Private Limited" to "C. Mahendra Exports Limited" dated March 14, 2007, with CIN U27205MH2007PLC166717, issued by the Registrar of Companies, Maharashtra.

3. Registration Certificate of Establishment bearing registration No. D016621/ COMMERCIAL II, dated February 17, 2007 issued to our Company, under Bombay Shops and Establishments Act 1948 for our offices situated at 1204, Panchratna Opera House, A-5-6 Nagin, JSS Rd, Opera House and 612-A, Prasad Chamber-400004, issued by Inspector under theBombay Shops and Establishments Act 1948, and valid up to December 31, 2010.

4. Registration cum Membership Certificate bearing no.GJC/REGN/MFG/C-67/2006-2011, dated January 17, 2007, by the Gem & Jewellery Export Promotion Council for export of cut and polished diamonds, valid up to March 31, 2011.

5. Certificate of Registration bearing no: PT/R/1/1/24/20698 dated January 31, 2007, under sub-section (1) of section 5 of the Maharashtra State Tax on Professions, Trades, Callings and Employments Act 1975, issued by Sales Tax Officer and valid up to cancellation.

6. Certificate of Registration bearing no.PT/E/1/1/24/18/5383 dated January 15, 2007 under sub-section (2) or sub-section (2A) of section 5 of the Maharashtra State Tax on Professions, Trades, Callings and Employment Act 1975, issued by Profession Tax Officer, and valid upto cancellation.

7. Our Company Permanent Account Number (PAN) number is AACCC9633L.

8. Registration of Tax deduction account No. MUMC14819A (TAN) dated April 05, 2007 issued by Income Tax Department for office situated at 1204, Panchratna, Opera House, Mumbai 400004 and valid upto cancellation.

9. VAT Registration (TIN) no. 2758058550V with effect from dated January 17, 2007 issued by Sales Tax Department, Maharashtra under the Maharashtra Value Added Tax Act, 2002.

10. Central Sales Tax("CST") no. 348570 under Central Sales Tax (Registration and Turnover) Rules 1957 issued by Commercial Tax officer for C Mahendra Exports, 204-207, Pancharathna Building, Street no.283, opp. Gurudwara Road, Karol Bagh, New Delhi- 110005 and valid upto cancellation.

11. Establishment Code No.31-14949-43 under the Employees State Insurance Corporation Act, 1948, issued by the Regional Director, Maharashtra, ESIC by the letter dated November 22, 1990 bearing number B/COV./N5-31253/R-40719/31-14949-43.

12. Certificate of Importer Exporter Code Number 0388017457 issued by the Foreign Trade Development Officer, Office of Joint Director General of Foreign Trade, Mumbai, Maharashtra on January 15, 2007, and valid until cancellation. The Certificate has been endorsed in favour of C. Mahendra Exports Limited vide letter dated April 02, 2007.

13. Certificate of Recognition as Star Trading House ("STH") bearing no. 03/4/0028/20071122 dated November 22, 2007 issued by Government of India, Ministry of Commerce and Industry for our office situated at 1204, Panchratna, 12th Floor, Opera House, Mumbai 400004 and valid from April 01, 2007 up to March 31, 2012.

14. Import License bearing no. 0117779 dated June 11, 2009 renewed by the Office of Joint Director General of Foreign Trade, Mumbai, Maharashtra and valid for a period of twenty four months in favour of C. Mahendra Exports, 1204, Panchratna, 12th floor, Opera House, Mumbai- 400004.

15. Agreement dated May 23, 2007 between C. Mahendra Exports Limited and factory unit at A-9/10 Block No.26, Road no.8, M.G.Road, Udhana Udyognagar, Udhana, Surat (Gujarat) and additional location at plot no.37, near Umiya Mata temple, A.K.Road, Surat, (Gujarat) and the president of India acting through Development Commissioner of Kandla SEZ for Undertaking EOU units. Further *vide* letter dated June 29, 2009 the Deputy Development Commissioner, Kandla Special Economic Zone issued no objection for exclusion of our factory unit at A-9/10 Block No.26, Road no.8, M.G.Road, Udhana Udyognagar, Udhana, Surat (Gujarat) from the EOU Unit.

16. Industrial Entrepreneurs Memorandum acknowledgements issued by the Government of India, Ministry of Industry, Secretariat for Industrial Approvals Entrepreneurial Assistance Unit for manufacture of cut and polished diamonds, details whereof are provided below:

    a. Item Code: 3836 no. 3839/SIA/IMO/2005 dated August 11, 2005 in respect of unit situated at and unit situated at A9/10, block no. 26, road no.8, M.G.Road, Udhana Udhyognagar, Surat, Gujarat;

    b. Item Code: 3836 no. 3841/SIA/IMO/2005 dated August 11, 2005. Issued in respect of unit situated at plot no 37, T.P.S IV, sr no, 352, 353 and 354, Surat, Gujarat;

    c. Item Code: 3836 no. 2588/SIA/IMO/2000 dated November 02, 2000 issued in respect of unit situated at Kadampalli Society, Nanpura, Surat, Gujarat;

II. 26, Kadampalli Society, Nanpura, Surat - 394210. ("Office at Surat")

1. Tax Deduction Source (TDS) no. SRTC00984E dated April 03, 2007 issued by Income Tax Department for our office situated at Surat.

2. Central Sales Tax ("CST") no. 24720700694 under Central Sales Tax (Registration and Turnover) Rules 1957 issued by Commercial Tax Officer for branch office situated at Surat, valid upto cancellation.

3. Establishment Code No. No: GJ-SRT-12193 under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 issued by the Regional Provident Fund Commissioner, Surat in respect of the EOU Unit, vide letter dated May 22, 2007.

4. Gujarat Sales Tax no. ("GST") 24220700694 dated July 01,2002 under Gujarat Sales Tax Rules 1969 issued by Sales Tax Officer, Division II, Surat, Gujarat for our office situated at Surat valid upto cancellation.

a) Plot no. A9 / 10, Block no. 26, Road no. 8, M.G. Road, Udhna Udyognagar, Surat - 394210.("Unit I")

1. Certificate of Intimation for commencing Commercial Production manufacturing in bond bearing no. AR-V/Mahendra/00 dated March, 31, 2000 under Section 65 of the Customs Act, 1962 for our Unit I.

2. Service Tax Code registration no. AACCC9633LST001 dated April 30, 2007 in respect of our Unit I issued by Office of Assistant Commissioner of Central Excise, Surat, Gujarat under section 69 of the Finance Act, 1994.

3. Certificate of Central Excise Registration bearing no. AACCC9633LXM004 dated May 11, 2007 under Rule 9 of the Cental Excise Rules, 2002 issued by Assistant Commissioner of Central Excise, Surat, Gujarat for our Unit I, valid upto cancellation.

4. Letter of Approval/Permission issued by Deputy Development Commissioner, Kandla Special Economic Zone, Gandhidham, Kutch to our Unit situated at plot no. A9/10, block no. 26, road no.8, M.G.Road, Udhana Udhyognagar, Surat, Gujarat dated April 15, 2005 issued for enhancement of production capacity bearing no. KASEZ/100%EOU/II/673/99/335-

5. License to work a factory bearing License no.5247 dated October 11, 2009 issued by, Joint Director, Industrial Safety and Health, Gujarat, in favour of C Mahendra Exports, for the Unit I, valid till December 31, 2010.

6. Certificate of Inspection of Electrical Installation of Diesel Generator set bearing no. EI/SRT/D.G/6130/2004 issued by Electrical Inspector, Surat, Gujarat for our unit situated at Plot no.9A/10, Block no.26, Road no. 8, Udhana Udyognagar, Udhana , Surat, Gujarat.

7. License to use a lift bearing license no. G/22/2449/10255/05 dated July 28, 2007 issud by Chief Inspector of Lifts and Escalators, Gandhinagar, Gujarat for our Unit I valid upto July 27, 2010.

b) Plot no. 37, TPS-4, R.S. No. 352/353/354, Near Umiya Mata Temple, A.K. Road, Varachha, Surat - 395006. ("Unit II")

1. Service Tax Code bearing no. AACCC9633LST002 dated April 30, 2007 in respect of Unit II issued by the Commissioner of Central Excise, Surat,Gujarat under Section 69 of the Finance Act, 1994,as amended valid upto cancellation .

2. Certificate of Central Excise Registration bearing no. AACCC966LXM003 dated May 07, 2007 under Rule 9 of the Central Excise Rules, 2002 issued by Assistant Commissioner of Central Excise, Surat, Gujarat for our Unit II, valid upto cancellation.

3. License to work a factory bearing License no.754 dated February 9, 2010 issued by, Joint Director, Industrial Safety and Health, Gujarat, in favour of C Mahendra Exports, for the Unit II, valid till December 31, 2010.

4. License to use a lift no. G/22/2496/10617/05 dated September 26, 2008 issued by the Chief Inspector of Lifts and Escalators, Gandhinagar for 100%EOU Unit II, valid till September 25, 2011.

EPCG LICENSES

We have obtained licenses under Export Promotion Capital Goods scheme ("EPCG") as listed below. As per the licensing requirement under the said scheme, we are required to export goods of a defined amount, failing which, we have to make payment to the Government of India equivalent to the duty benefit enjoyed by us under the said scheme along with interest, if any.
Our export obligation under these licenses as on the date of the Draft Red Herring Prospectus is as under:

Sr.No.	License No.	Date	Duty Saved	Export Obligation (in US $)	Export Obligation fulfilled (on duty Saved)	Expiry date of Export Obligation
1	0330002542	12/09/2002	55,760	51,885	100 %	15/12/2010

Sr.No.	License No.	Date	Duty Saved	Export Obligation (in US $)	Export Obligation fulfilled (on duty Saved)	Expiry date of Export Obligation
2	0330004089	11/08/2003	682,305	114,073	100 %	20/01/2012
3	0330004905	23/12/2003	38,201	6,387	100 %	27/02/2012
4	0330016134	18/05/2007	4,98,943	11,894	100 %	01/06/2015
5	0330019522	19/03/2008	109,809	21,853	100 %	11/04/2016

The export obligation for the amount of duty saved is already completed. However average export turnover to be maintained as per the license is yet to be completed.

LICENSE AND APPROVALS APPLIED FOR BUT YET TO BE RENEWED/RECEIVED

I. General

1. Application under Section 314(1B) of the Companies Act dated May 29, 2008 for payment of remuneration to Mr. Pravin C. Shah as President (Production)

2. Application under Section 314(1B) of the Companies Act dated May 29, 2008 for payment of remuneration to Mr. Pravin K. Mehta as President (Administration).

a) Plot no. 37, TPS-4, R.S. No. 352/353/354, Near Umiya Mata Temple, A.K. Road, Varachha, Surat - 395006. ("Unit II")

1. Application dated March 11, 2010 made to the Development Commissioner, Kandla SEZ for renewal of the Letter of Permission issued under 100% Export Oriented Scheme (EOs) for the manufacture of cut and polished diamonds bearing no. KFTZ/100%EOU/II/673/99/11083 dated March 16, 2000 issued by Development Commissioner, Kandla Free Trade Zone, Gandhidham, Kachchha in respect of our unit situated at Plot no. 37, Near Umiya Mata temple, A.K.road, Varachha, Surat, Gujarat.
2. Application for renewal of License to use lift nos. G/22/2498/10619/05 and G/22/2498/10618/05 to the Chief Inspector of Lifts and Escalators, Gandhinagar at plot no 37. near Umiyamata temple, A.K.Road, Varachha, Surat, Gujarat

III. License required for the Objects of the Issue:

1. Application to be made to Factory Chief Inspector, Surat for license to run/ operate a Factory under Factories Act, 1948.
2. Submission of IEM for SIA Registration.
3. Application to be made for Central Excise registration under Rule 9 of the Central Excise Rules, 2002.
4. Application to be made to Gujarat Electricity Board for power requirement.

SECTION VIII - OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a resolution of our Board of Directors at its meeting held on February 03, 2010.

Our shareholders have authorised this Issue by a special resolution adopted under Section 81(1A) of the Companies Act, passed at the Extraordinary General Meeting held on March 04, 2010.

Prohibition by SEBI

Our Company, our Directors, our Promoters, other Group Companies and companies with which our Directors are associated as directors or promoters have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authority.

We have not applied for listing of our securities on any stock exchange in the past.

Further, our Promoters and Group Companies have confirmed that they have not been named as wilful defaulters by the RBI or any other government authority and there are no violations of securities laws committed by them in the past and no prosecution or other proceedings for any such alleged violation is pending against them.

None of the Directors of our Company are associated with the securities market in any manner and SEBI has not initiated any action against any of the Directors.

Eligibility for this Issue

Our Company is an unlisted company not complying with the conditions specified in Regulation 26(1) of the SEBI ICDR Regulations and is, therefore, required to meet the conditions detailed in Regulation 26(2) of the SEBI ICDR Regulations.

Our Company is eligible for the Issue in accordance with Regulation 26(2) of the SEBI ICDR Regulations, which states as follows:

"An issuer not satisfying any of the conditions stipulated in sub-regulation (1) may make an initial public offer if:

(a)(i) the issue is made through the book building process and the issuer undertakes to allot at least fifty per cent of the net offer to public to qualified institutional buyers and to refund full subscription monies if it fails to make allotment to the qualified institutional buyers;

or

(a) (ii) at least fifteen per cent of the cost of the project is contributed by scheduled commercial banks or public financial institutions, of which not less than ten per cent shall come from the appraisers and the issuer undertakes to allot at least ten per cent of the net offer to public to qualified institutional buyers and to refund full subscription monies if it fails to make the allotment to the qualified institutional buyers;

(b) (i) the minimum post-issue face value capital of the issuer is ten crore rupees;

or

(b) (ii) the issuer undertakes to provide market-making for at least two years from the date of listing of the specified securities, subject to the following:

(A) the market makers offer buy and sell quotes for a minimum depth of three hundred specified securities and ensure that the bid-ask spread for their quotes does not, at any time, exceed ten per cent;

(B) the inventory of the market makers, as on the date of allotment of the specified securities, shall be at least five per cent of the proposed issue."

Our Company will comply with Regulation 26(2)(a)(i) of the SEBI ICDR Regulations and at least 50% of the Issue is proposed to be allotted to QIBs.

Our Company will comply with the first proviso to Regulation 43(2)(c) of the SEBI ICDR Regulations; accordingly, not less than 15% and 35% of the Issue shall be available for allocation to Non-Institutional Bidders and Retail Individual Bidders, respectively, subject to valid Bids being received.

Our Company will comply with Regulation 26(2)(b)(i) of the SEBI ICDR Regulations and the post-Issue face value capital of our Company shall be Rs. 60 Crores which is more than the minimum requirement of Rs. 10 Crores.

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 in the Issue shall not be less than 1,000, failing which the entire application monies will be refunded forthwith. In case of delay as specified herein, if any, in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

Accordingly, our Company is eligible for the Issue under Regulation 26(2) of the SEBI ICDR Regulations.

Our Company may, in consultation with the BRLMs, allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Price on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the net QIB Portion. 5% of the net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the net QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 375,000 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the net QIB Portion and allocated proportionately to the QIBs in proportion to their Bids.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO 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 TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THIS 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, YES BANK LIMITED AND ANAND RATHI ADVISORS LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS FOR THE TIME BEING IN FORCE. 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, YES BANK LIMITED AND ANAND RATHI ADVISORS LIMITED, IS 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, YES BANK LIMITED AND ANAND RATHI ADVISORS LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED March 29, 2010 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE CIVIL CASES, TAX MATTERS, DUTIES CASES, CRIMINAL CASES, ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, 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 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 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 THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES 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 SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.**

4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. *NOTED FOR COMPLIANCE***

5. **WE CERTIFY THAT WRITTEN CONSENT FROM 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 PROMOTER'S 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 SEBI UNTIL THE DATE OF COMMENCEMENT OF THE LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.**

6. **WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.**

7. **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – *NOT APPLICABLE.***

8. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**

9. **WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT RED HERRING 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 A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE - *NOT APPLICABLE. AS THE ISSUE SIZE IS MORE THAN RS. 1000 LACS, THE ALLOTMENT OF EQUITY SHARES IS TO BE MADE COMPULSORILY IN DEMATERIALISED FORM ONLY, PURSUANT TO SECTION 68B OF THE COMPANIES ACT, 1956*.**

11. **WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**

12. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:**

    (A) AN UNDERTAKING FROM THE 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 THE BOARD FROM TIME TO TIME.

13. **WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.**

14. **WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND 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.**

THE FILING OF THE OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.

Disclaimer from our Company and BRLMs

Investors that apply in this Issue will be required to confirm and will be deemed to have represented to our Company and the Book Running Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company and the Book Running Lead Managers and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

Our Company, the Director and the BRLMs accept no responsibility for statements made otherwise than in the Draft Red Herring Prospectus or in the advertisements or any other material issued by or at instance of the

abovementioned entities and anyone placing reliance on any other source of information, including our website, www.cmahendra.com would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the BRLMs and our Company.

Our Company and the BRLMs shall make all information available to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centres etc.

Caution

Neither our Company nor the Book Running Lead Managers or any other member of the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

The BRLMs and their associates and affiliates may engage in transactions with, and perform services for, our Company and Group Companies, affiliates or associates of our Company in the ordinary course of business and have engaged, and may in future engage, in the provision of financial services for which they have received, and may in future receive, compensation.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are eligible, Hindu Undivided Families (HUFs), minors applying through their legal / natural guardian, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission, if applicable), trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies, provident funds and pension funds and to permitted Non Residents including Eligible NRIs, FIIs and other eligible foreign investors, provided they are eligible under all applicable laws and regulations to hold Equity Shares of our Company. The Draft Red Herring Prospectus does not, however, constitute an invitation to subscribe to the Equity Shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Draft Red Herring Prospectus comes is required to inform himself or her self about and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been or will be taken to permit a public issuing in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been filed with SEBI for observations and Stock Exchanges. Accordingly, the Equity Shares, represented thereby may not be issued or sold, directly or indirectly, and the Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Equity Shares are being offered and sold only outside the United States in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

The Equity Shares have not been, and will not be, registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Further, each Bidder where required agrees that such Bidder will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or

in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws and legislations in each jurisdiction, including India.

Disclaimer Clause of the Bombay Stock Exchange Limited

As required, a copy of the Draft Red Herring Prospectus has been submitted to the BSE. The disclaimer clause as intimated by the BSE to us, post scrutiny of the Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Disclaimer Clause of the National Stock Exchange of India Limited

As required, a copy of the Draft Red Herring Prospectus has been submitted to the NSE. The disclaimer clause as intimated by the NSE to us, post scrutiny of the Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Filing of Prospectus with SEBI and the RoC

A copy of the Draft Red Herring Prospectus has been filed with the Corporation Finance Department of SEBI at SEBI Bhavan, Plot No. C4-A, G Block, 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 under section 60B of the Companies Act would be delivered for registration to the RoC having its address at Everest Building 100, Marine Drive Mumbai – 400 002, Maharashtra, India at least three (3) days before the Bid/Issue Opening Date. The final Prospectus would be filed with the Corporate Finance Department of SEBI and the RoC at the respective aforesaid addresses upon closure of the Issue and on finalisation of the Issue Price.

Listing

The Equity Shares issued through the Red Herring Prospectus are proposed to be listed on BSE and NSE. Pursuant to applications made to BSE and NSE, in-principle approval for listing of the equity shares of our Company from BSE and NSE have been received *vide* their letters dated [•] and [•] respectively.

If the permission to deal in and for an official quotation of our Equity Shares is not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest all money received from the Bidders in pursuance of the Red Herring Prospectus. If such money is not repaid within eight days after our Company becomes liable to repay it. (i.e. from the date of refusal or within fifteen (15) days from the Bid/Issue Closing Date, whichever is earlier), then our Company, and every Director of our Company who is an officer in default shall, on and from such expiry of eight days, be jointly and severally liable to repay the money with interest at the rate of 15% per annum on the Bid Amount, as prescribed under Section 73 of Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven working days of finalisation and adoption of the Basis of Allotment for this Issue.

Impersonation

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

"Any person who:

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years."

Consents

Consents in writing of: our Directors; our Company Secretary and Compliance Officer; our Auditors; Bankers to our Company; Escrow Collection Bank(s)*; Refund Bank(s)*; Syndicate Members*; IPO Grading Agency*; BRLMs; the Registrar and the legal advisors to this Issue, to act in their respective capacities, have been

obtained and will be filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 60 and Section 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with theRoC.

**The aforesaid will be appointed prior to filing of the Red Herring Prospectus with RoC and their consents as above would be obtained prior to the filing of the Red Herring Prospectus with RoC.*

M/s. Suresh Surana and Associates, our Statutory Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in the Draft Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of the Draft Red Herring Prospectus for registration with SEBI.

M/s. Suresh Surana and Associates, our Statutory Auditors have given their written consent to the inclusion of their report relating to possible tax benefits accruing to our Company and its members in the form and context in which it appears in the Draft Red Herring Prospectus and have not withdrawn such consent up to the time of delivery of the Draft Red Herring Prospectus for registration with SEBI.

Expert Opinion

Except the report of [•] in respect of IPO grading as mentioned in the chapter titled *"General Information"* beginning on page 15 of the Draft Red Herring Prospectus, we have not obtained any expert opinions.

Public Issue Expenses

The total expenses of the Issue are estimated to be approximately Rs. [•] Lakhs. The expenses of this Issue include, among others, underwriting and management fees, SCSB's commission/ fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. All expenses with respect to the Issue would be paid by our Company. The estimated issue expenses are as under:

(Rs. in millions)

Sr. No.	Description	Estimated expense*	% of Total Expenses*	% of Total Issue Size*
1	Fees for the BRLMs	[●]	[●]	[●]
2	Fees for the Registrar to the Issue	[●]	[●]	[●]
3	Regulatory fees (including fee payable to SEBI, Stock Exchanges)	[●]	[●]	[●]
4	Fees payable to the Legal Counsel	[●]	[●]	[●]
5	Fees payable to the Auditors	[●]	[●]	[●]
6	Fees payable to IPO Grading Agency	[●]	[●]	[●]
7	Marketing fee (including fee payable to advertising agencies)	[●]	[●]	[●]
8	Miscellaneous expenses	[●]	[●]	[●]
Total estimated Issue Expenses		**[●]**	**[●]**	**[●]**

* *Will be incorporated after finalisation of the Issue Price*

Details of Fees Payable

Fees Payable to the Book Running Lead Managers

The total fees payable to the Book Running Lead Managers will be as per the engagement letter and the memorandum of understanding dated February 15, 2010 and March 25, 2010, respectively executed between our Company, YES BANK Limited and Anand Rathi Advisors Limited, the copy of which is available for inspection at our Registered Office.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue will be as per the memorandum of understanding signed by our Company and the Registrar to the Issue dated March 25, 2010, a copy of which is available for inspection at our Registered Office.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to send refund orders or Allotment advice by registered post/speed post/under certificate of posting.

IPO Grading
This Issue has been graded by [●] and has been assigned a grade of [●] indicating [●], through its letter dated [●]. For details in relation to the Report of the Grading Agency, please see "Annexure" on page [●].

Disclaimer of IPO Grading Agency: [●]

Previous Rights and Public Issues during the Last Five Years

We have not made any previous rights or public issues during the last five years.

Previous Issues of Shares otherwise than for Cash

Except as stated in the chapter titled *"Capital Structure"* beginning on page 25 of the Draft Red Herring Prospectus, our Company has not issued any Equity Shares for consideration otherwise than for cash.

Underwriting Commission, Brokerage and Selling Commission on Previous Issues

Since this is the initial public offering of the Equity Shares, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of our Company since inception.

Particulars in regard to our Company and other listed companies under the same management within the meaning of Section 370 (1B) of the Companies Act which made any public/rights/composite issue during the last three years.

There are no listed companies under the same management within the meaning of Section 370 (1B) of the Companies Act, which have made any public/ rights/ composite issue during the last three years. Our Company has not made any public/ rights/ composite issue during the last three years.

Promise versus Performance – Previous Issues of Company and Group Companies.

Our Company has not made any public issue of Equity Shares since its incorporation. None of our Group Companies have made any public issues in the past.

Outstanding Debentures, Bond Issues and Redeemable Preference Shares

Except as stated in the section titled "Capital Structure" at page 25, our Company has no outstanding debentures or bonds or redeemable preference shares as of the date of the Draft Red Herring Prospectus.

Stock Market Data for our Equity Shares of our Company

This being an initial public offering of our Company, the Equity Shares of our Company are not listed on any stock exchange.

Mechanism for redressal of investor grievances

The Memorandum of Understanding between the Registrar to this Issue and our Company provides for retention of records with the Registrar to this Issue for a period of at least three year from the last date of despatch of the letters of Allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the Bidder, number of Equity Shares applied for, amount paid on Bid and the bank branch or collection centre where the Bid was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

Disposal of Investor Grievances by our Company

Our Company or the Registrar to the Issue or the SCSB in case of ASBA Bidders shall redress routine investor grievances within one month 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. The Registrar shall provide a status report of investor complaints on a fortnightly basis to our Company. Similar status reports are also be provided to our Company as and when required by the Company.

Our Board at its meeting held on April 11, 2008 has constituted a Shareholder's / Investor's Grievance Committee chaired by Mr. Vittala S. Hegde and Mr. Mahendra C. Shah and Mr. Champaklal K. Mehta as members.

The terms of reference of the said Committee are mentioned in the chapter titled "*Our Management*" beginning on page 97 of the Draft Red Herring Prospectus.

Our Company has appointed Mandar M. Ranade, Company Secretary as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue related problems, at the following address at:

Mr. Mandar M. Ranade

A-5/6, Nagindas Mansion, 3rd Floor,
57-61, J.S.S. Road, Opera House,
Mumbai 400 004,
Maharashtra
India

Tel: + 91 22 2382 6998
Fax: +91 22 2380 2847
Email: investorgrievance@cmahendra.com

Changes in Auditors during the last three financial years and reasons thereof

There has been no change in Statutory Auditors of our Company in the last three financial years.

Capitalisation of Reserves or Profits

Except as stated in the chapter titled *"Capital Structure",* our Company has not capitalised its reserves or profits at any time since inception. For details on capitalisation of reserves and profits, refer chapter titled *"Capital Structure"* beginning on page 25 of the Draft Red Herring Prospectus.

Revaluation of Assets

Our Company has not revalued its assets since incorporation.

SECTION IX - ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

Principal Terms and Conditions of the Issue

The Equity Shares being issued are subject to the provisions of the Companies Act, Memorandum of Association and Articles of Association of our Company, the terms of the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, the Bid cum Application Form, ASBA form, the Revision Form, CAN, revised CAN the listing agreement with the Stock Exchanges and other terms and conditions as may be incorporated in the Allotment advices and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to all applicable laws, regulations, guidelines, rules, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, Government of India, Stock Exchanges, Registrar of Companies, RBI, FIPB and/or other authorities, as in force on the date of the issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, Memorandum and Articles of Association of our Company and shall rank *pari passu* in all respect with the other existing Equity Shares of our Company including rights in respect of dividends. The Allottees, in receipt of Allotment of Equity Shares under this Issue, will be entitled to dividends, voting rights or any other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, refer to Section titled **"***Description of Equity Shares and Terms of the Articles of Association***"** beginning on page 288 of the Draft Red Herring Prospectus.

Mode of Payment of Dividends

The declaration and payment of dividend, if any, will be as per the provisions of the Companies Act.

Face Value and Issue Price

The Equity Shares with a face value of Rs. 10/- each will be offered in terms of the Red Herring Prospectus to be filed with the RoC at a price of Rs. [•] per Equity Share. At any given point of time, there shall be only one denomination for the Equity Shares of our Company, subject to applicable laws. The Floor Price of the Equity Shares is Rs. [•] per Equity Share and Cap Price is Rs. [•] per Equity Share. The Issue Price is [•] times the face value of the Equity Shares.

Price Band

The Price Band shall be from Rs. [●] to Rs. [●] per Equity Share of face value of Rs. 10 each.

Compliance with SEBI Rules and Regulations

Our Company shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders (members) of our Company shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and other preferential claims being satisfied;
- Right of free transferability of Equity Shares; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreement to be executed with the Stock Exchanges and our Memorandum of Association and Articles of Association.

For a detailed description of the main provisions of our Articles of Association relating to voting rights,

dividends, forfeiture, transfer, transmission and lien and/or consolidation/splitting, refer to section titled "*Description of Equity Shares and Terms of the Articles of Association*" on page 288 of the Draft Red Herring Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares of our Company in the Issue shall be Allotted only in dematerialized form. As per existing SEBI ICDR Regulations, 2009 the trading in our Equity Shares shall only be in dematerialized form for all investors, and hence, the tradable lot would be one Equity Share. Allotment in this Issue will be only in electronic form in multiples of [●] Equity Shares, subject to a minimum Allotment of [●] Equity Shares. For further details refer to paragraph titled "*Basis of Allotment*" beginning on page 245 under the chapter titled "*Issue Procedure*" of the Draft Red Herring Prospectus.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint-tenants with benefits of survivorship.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts/authorities in Mumbai, India.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company. In this context, refer to the "**Note**" below.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- To register himself or herself as holder of Equity Shares; or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety (90) days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Note: Since the Allotment of Equity Shares in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. Nominations registered with respective Depository Participant of the Bidder(s) would prevail. If the investors want to change their nomination, they are requested to inform their respective Depository Participant.

Application by Eligible NRIs / FIIs registered with SEBI and FVCIs registered with SEBI

It is to be distinctly understood that there is no reservation for Eligible NRIs or FIIs registered with SEBI or FVCIs registered with SEBI. Such Eligible NRIs, FIIs registered with SEBI or FVCIs registered with SEBI will be treated on the same basis as other categories for the purpose of Allocation.

Bidding Period

Bidders may submit their Bids only in the Bidding Period. The Bid/Issue Opening Date is [●] and the Bid/Issue

Closing Date is [●].

Minimum Subscription

If our Company does not receive the minimum subscription of 100% of the Issue through the Draft Red Herring Prospectus including devolvement of Underwriters, if any, within 60 (sixty) days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act.

If at least 50% of the Issue cannot be Allotted to QIBs, then the entire application money will be refunded forthwith.

Further in terms of Regulation 26(4) of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective Allottees to whom Equity Shares will be allotted will not be less than 1,000.

Withdrawal of the Issue

Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue, including at any time after the Bid/Issue Opening Date, but before the Board meeting for Allotment in the Issue, without assigning any reason therefore. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. In terms of the SEBI ICDR Regulations, the QIBs are not permitted to withdraw their Bids after the Bid/ Issue Closing Date.

Arrangement for Disposal of Odd Lots

Our Company's Equity Shares will be traded in dematerialized form only and the marketable lot is of one Equity Share, hence there is no possibility of odd lots.

Restriction on Transfer of Shares

There are no restrictions on transfers and transmission of shares/ debentures and on their consolidation/ splitting except as provided in the Draft Red Herring Prospectus and in the Articles of Association of our Company. For further details refer to section titled *"Description of Equity Shares and Terms of the Articles of Association" beginning* on page 288 of the Draft Red Herring prospectus.

Pursuant to the existing regulations, OCBs are not eligible to participate in the Issue. Further, NRIs who are not Eligible NRIs are not permitted to participate in the Issue. Equity Shares acquired by Eligible NRIs can be only sold to any other person eligible to acquire the same in accordance with all applicable laws, rules and regulations.

Sub accounts of FIIs registered with SEBI, being foreign corporate or foreign individuals are not eligible to participate in this Issue in the QIB Portion.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Equity Shares are being offered and sold only outside the United States in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

Issue of Equity Shares in dematerialised form in the Issue

In accordance with the SEBI ICDR Regulations, Equity Shares will be issued, transferred and Allotment shall be made only in the dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

ISSUE STRUCTURE

The present Public Issue is of 15,000,000 Equity Shares of Rs. 10 each for cash at a price of Rs. [•] per Equity Share (including a share premium of Rs. [•] per Equity Share) for cash aggregating to Rs. [•] millions (the "Issue"), The Issue will constitute 25.00% of the post Issue paid-up capital of our Company.

Particulars	QIBs	Non Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for allocation*	At least 7,500,000 Equity Shares.	Not less than 2,250,000 Equity Shares or Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation.	Not less than 5,250,000 Equity Shares or Issue size less allocation to QIB Bidders and Non Institutional Bidders shall be available for allocation.
Percentage of Issue Size available for Allotment/allocation	At least 50% of the Issue (of which 5% shall be reserved for Mutual Funds only) Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs. Up to 30% of the QIB Portion shall be available for allocation to Anchor Investors on a discretionary basis, out of which one-third portion shall be reserved for domestic Mutual Funds.	Not less than 15% of the Issue or the Issue less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation.	Not less than 35% of the Issue or the Issue less allocation to QIB Bidders and Non Institutional Bidders shall be available for allocation.
Basis of Allotment/Allocation if respective category is oversubscribed	Proportionate** (a) 375,000 Equity Shares (to be adjusted for Anchor Investor Portion, if applicable) aggregating Rs. [•] millions shall be available for allocation on a proportionate basis to Mutual Funds; and (b) 7,125,000 Equity Shares (to be adjusted for Anchor Investor Portion, if applicable) aggregating to Rs. [•] millions shall be allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above.	Proportionate***	Proportionate

Particulars	QIBs	Non Institutional Bidders	Retail Individual Bidders
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000.	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000.	[•] Equity Shares
Maximum Bid	Not exceeding the size of the Issue subject to applicable limits	Not exceeding the size of the Issue subject to applicable limits	Such number of Equity Shares whereby Bid Amount does not exceed Rs. 100,000
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Bid Lot	[•] Equity Shares and in multiples of [•] Equity Shares thereafter	[•] Equity Shares and in multiples of [•] Equity Shares thereafter	[•] Equity Shares and in multiples of [•] Equity Shares thereafter
Allotment Lot	[•] Equity Shares and in multiples of one thereafter	[•] Equity Shares and in multiples of one thereafter	[•] Equity Shares and in multiples of one thereafter
Trading Lot/ Market Lot	One Equity Share	One Equity Share	One Equity Share
Who can Bid	A mutual fund, venture capital fund and foreign venture capital investor registered with SEBI; a foreign institutional investor and sub-account (other than a sub-account which is foreign corporate or foreign individual), registered with SEBI; a public financial institution as defined in Section 4A of the Companies Act, 1956; a scheduled commercial bank; a multilateral and bilateral development financial institution; a state industrial development corporation; an insurance company registered with the Insurance Regulatory and Development Authority (IRDA); provident funds with minimum corpus of Rs. 2500 lacs; and pension funds with minimum corpus of Rs. 2500 lacs; and National Investment Fund set up by resolution no. F. No. 2/3/2005- DDII dated November 23, 2005 of the Government of India published in the Gazette of India and Insurance funds set up and managed by army, navy	Resident Indian, individuals, Eligible NRIs, HUF, applying through their Karta, minors applying through their natural guardian companies, corporate bodies, scientific institutions, societies, trusts, sub accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals.	Resident individuals (including HUF, applying through their Karta, minors applying through their natural guardian and Eligible NRIs) applying for Equity Shares such that the Bid Amount does not exceed Rs. 100,000 in value.

Particulars	QIBs	Non Institutional Bidders	Retail Individual Bidders
	or air force of the Union of India, eligible to Bid in the Issue.		
Terms of Payment	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application Form to the Syndicate Member.	Margin Amount applicable to Non Institutional Bidders at the time of submission of (i) Bid cum Application Form to the Member of Syndicate; or (ii) submission of ASBA Form to SCSB. In case of ASBA Bidders, the SCSB shall be authorized to block the Bid Amount mentioned in the ASBA Form.	Margin Amount applicable to Retail Individual Bidder at the time of submission of: (i) Bid cum Application Form to the Member of Syndicate; or (ii) submission of ASBA Form to SCSB. In case of ASBA Bidders, the SCSB shall be authorized to block the Bid Amount mentioned in the ASBA Form.
Margin Amount	At least 10% of Bid Amount	Full Bid Amount on bidding	Full Bid Amount on bidding

* The Issue is being made through the Book Building Process wherein at least 50% of the Issue shall be available for allocation on a proportionate basis to QIBs, out of which 5% shall be available for allocation on a proportional basis to Mutual Funds only and the remainder shall be made available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Provided that, our Company may, allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Issue Price on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the net QIB Portion**.** The remainder shall be available for allocation on a proportionate basis to QIB Bidders including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. If at least 50% of the Issue cannot be allotted to QIBs, the entire application monies will be refunded. Under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLMs, and the Designated Stock Exchange. The QIB Portion includes Anchor Investor Portion, as per the SEBI Regulations. Anchor Investor Margin Amount shall be payable at the time of submission of the application form by the Anchor Investor.

In case the Bid cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and in the same sequence in which they appear in the Bid cum Application Form.

******* Allocation to Anchor Investors shall be on a discretionary basis subject to minimum number of two Anchor Investors. The minimum bid for Anchor Investors shall be such number of Equity Shares so that the Bid Amount exceeds Rs. 100 million.

After the Bid / Issue Closing Date, depending upon the level of subscription, additional Margin Amount, if any, may be called from the QIB Bidders.

ISSUE PROCEDURE

Book Building Procedure

This Issue is being made through the Book Building Process wherein at least 50% of the Issue shall be made available for allocation on a proportionate basis to QIBs, including 5% of the QIB Portion, which shall be made available for allocation to Mutual Funds only, and the remaining QIB portion shall be available for allocation on a proportionate basis to all Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above Issue Price. Provided that our Company may allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Issue Price on a discretionary basis, out of which at least one third will be available for allocation to domestic Mutual Funds only. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the net QIB Portion. 5% of the net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIB Bidders including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. If at least 50% of the Issue cannot be allocated to QIBs, then the entire application money shall be refunded forthwith. Further, not less than 35% of the Issue shall be made available for allocation on a proportionate basis to Retail Individual Bidders and not less than 15% of the Issue shall be made available for allocation on a proportionate basis to Non Institutional Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate. ASBA Investors intending to subscribe to the Issue, shall submit a completed ASBA Bid cum Application Form to a designated branch of the SCSB, with whom the bank account to be blocked, is maintained**.** Further, QIB bids can be procured and submitted only through the BRLMs or their affiliates or Syndicate Members. In case of QIB Bidders, BRLMs may reject any Bid procured by any or all of the Syndicate Member at the time of acceptance of Bid cum Application Form for reasons to be recorded in writing for rejecting the Bid and the reasons thereof shall be disclosed to such Bidder. In case of Non Institutional Bidders and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds.

Investors should note that Allotment of Equity Shares to all successful Bidders will only be in the dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. Bid cum Application Forms which do not have details of the Bidders' depository account shall be treated as incomplete and rejected. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges. 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 the relevant laws, rules, regulations, guidelines and approvals.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. Before being issued to Bidders, the Bid cum Application Form shall be serially numbered and date and time stamped at the Bidding centres and such form shall be issued in duplicate signed by the Bidder and countersigned by the relevant member of the Syndicate. The Bid cum Application Form shall contain information about the Bidder and the price and the number of Equity Shares that the Bidder wishes to Bid. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the Allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indian, Eligible NRIs applying on a non repatriation basis, including Anchor Investors	White
Non-Residents, Eligible NRIs, FVCIs, FIIs, registered multilateral and bilateral development financial institutions on a repatriation basis, excluding Anchor Investors	Blue

Category	Colour of Bid cum Application Form
ASBA Bidders bidding in physical form	Green

In accordance with the SEBI ICDR Regulations, all investors except Qualified Institutional Buyers (QIBs) are eligible to apply through ASBA. The physical ASBA Bid cum Application Form shall be Green in colour.

ASBA Bidders shall submit an ASBA Bid cum Application Form physically or electronically through internet banking facility to the SCSB authorizing blocking funds that are available in the bank account specified in the ASBA Bid cum Application Form used by ASBA Bidders. Upon the Allocation of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the ASBA Bid cum Application Form shall be considered as the Bid cum Application Form. Upon completing and submitting the ASBA Bid cum Application Form to the SCSB, the ASBA Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the ASBA Bid cum Application Form, as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

Who can Bid?

- Indian nationals resident in India who are majors, or in the names of their minor children as natural/legal guardians in single or joint names (not more than three, and in the same order in which they appear in the beneficiary account held with the Depository Participant);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in the equity shares;
- Eligible NRIs on a repatriation basis or a non-repatriation basis subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this Issue;
- Mutual Funds registered with SEBI;
- Public financial institution as defined in section 4A of the Companies Act, 1956;
- Indian Financial Institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI rules and regulations, as applicable);
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/societies and who are authorised under their constitution to hold and invest in equity shares;
- Foreign Institutional Investors (FIIs) and sub-accounts registered with SEBI other than a sub-account which is a foreign corporate or a foreign individual, under the QIB Category;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals, only under the Non Institutional Bidders Category.
- Scientific and/or Industrial Research Organisations authorised to invest in equity shares;
- Insurance companies registered with Insurance Regulatory and Development Authority, India;
- Provident funds with minimum corpus of Rs. 2,500 lacs and who are authorized under their constitution to hold and invest in equity shares;
- Pension funds with minimum corpus of Rs. 2,500 lacs and who are authorised under their constitution to hold and invest in equity shares;
- National Investment Fund set up by resolution F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India;
- Multilateral and Bilateral Development Financial Institutions;
- Insurance funds set up and managed by army, navy or air force of the Union of India;
- Persons otherwise eligible to invest under all applicable laws, rules, regulations & guidelines; and
- Any other QIBs permitted to invest, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;

As per the existing policy of the Government of India, OCBs are not allowed to participate in this Issue.

The information above and otherwise contained in this section as regards investment laws, investments limits, etc. as applicable to various categories of investors is given for the benefit of Bidders. Our Company, and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus

Anchor Investor Portion

Our Company may consider participation by Anchor Investors in the Issue for up to 30% of the QIB portion in accordance with the applicable SEBI Regulations. The Anchor Investor Bid/Issue period shall be one day prior to the Bid/Issue Opening Date. The QIB Portion shall be reduced to the extent of allocation under the Anchor Investor Portion. In accordance with the SEBI Regulations, the key terms for participation in the Anchor Investor Portion are as follows:

(a) Anchor Investors shall be QIBs as defined in the SEBI Regulations.

(b) The Anchor Investor Bid must be for a minimum of such number of Equity Shares so that the Anchor Investor Bid Amount exceeds Rs. 100 million and in multiples of [●] Equity Shares thereafter. An Anchor Investor Bid cannot be submitted for more than the Anchor Investor Portion.

(c) At least one third of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds on a discretionary basis.

(d) The bidding for Anchor Investors shall open one day before the Bid/Issue Opening Date and shall be completed on the same day.

(e) Our Company, in consultation with the Book Running Lead Managers, shall finalise allocation to the Anchor Investors on a discretionary basis, subject to compliance with requirements regarding minimum number of allotees.

(f) The number of Equity Shares allocated to the Anchor Investors and the price at which the allocation is made, shall be made available in public domain by the Book Running Lead Managers before the Bid/Issue Opening Date.

(g) Anchor Investors shall pay Anchor Investor Margin Amount representing 25% on the Bid Amount at the time of submission of the Anchor Investor Bid. Any difference between the amount payable by an Anchor Investor for Equity Shares allocated and the Anchor Investor Margin Amount paid at the time of Anchor Investor Bidding, shall be payable by the Anchor Investor within two days of the Bid/Issue Closing Date.

(h) In case the Issue Price is greater than the Anchor Investor Price, the additional amount being the difference between the Issue Price and Anchor Investor Price shall be paid by the Anchor Investors. In the event the Issue Price is lower than the Anchor Investor Price, the allotment to Anchor Investors shall be at Anchor Investor Price.

(i) The Equity Shares allotted in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.

(j) The Book Running Lead Managers or any person related to the Book Running Lead Managers /Promoter/promoter group shall not participate in the Anchor Investor Portion.

(k) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.

(l) The payment instruments for payment into the Escrow Account should be drawn in favour of:

- In case of Resident Anchor Investors: “Escrow Account – CMEL – Public Issue – Anchor Investor – R”

- In case of Non-Resident Anchor Investor: “Escrow Account – CMEL – Public Issue – Anchor Investor – NR”

Participation by associates of the BRLMs and the Syndicate Members

The BRLMs and the Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and the Syndicate Members are entitled to subscribe for Equity Shares in the Issue, including in the QIB Portion and Non Institutional Portion where the allocation is on a proportionate basis. Such bidding and subscription may be on their own account or their clients.

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 the relevant laws, rules, regulations, guidelines and approvals or as specified in the Draft Red Herring Prospectus.

Bids by Mutual Funds

Under the SEBI ICDR Regulations, at least one-third of the Anchor Investor Portion, will be available for allocation to Mutual Funds only on a discretionary basis and 5% of the QIB Portion, i.e., [●] Equity Shares are specifically reserved for Mutual Funds on a proportionate basis. An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand in the Mutual Fund Portion is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIB Bidders, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

The Bids made by asset management companies or custodians of Mutual Funds shall clearly indicate the name of the concerned scheme for which application is being 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.

Bids by Eligible NRIs

Eligible NRIs are required to comply with the following:

- Bid cum Application Forms will be made available for Eligible NRIs at our Registered Office, BRLMs and with the members of the Syndicate.

- Eligible NRIs may please note that only such applications as are accompanied by payment in free foreign exchange or by debit to their Non Resident External (NRE) / Foreign Currency Non Resident (FCNR) accounts shall be considered for Allotment under the Eligible NRI category on repatriable basis. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) i.e. on non repatriation basis accounts shall use the Bid cum Application Form meant for Resident Indians (White in colour) and shall not use the forms meant for Eligible NRIs i.e. Blue in colour.

- All instruments accompanying bids shall be payable in Mumbai only.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue capital of our company (i.e. 10% of [●] Equity Shares). In respect of a FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total post Issue capital or 5% of our total post Issue capital in case such sub-account is a foreign corporate or an individual.

As of now, in accordance with the foreign investment limits applicable to us and pursuant to the resolution passed by our Shareholders in the Extraordinary General Meeting held on March 04, 2010, the aggregate

foreign investment including FII investment cannot exceed the sectoral cap applicable to us (being 100% of our total post Issue capital). As of now, the aggregate FII holding in our Company cannot exceed 100% of our total post Issue capital.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the SEBI (Foreign Institutional Investors) Regulations 1995, as amended, by the SEBI (Foreign Institutional Investors)(Amendment) Regulations, 2008 ("**SEBI FII Regulations**"), an FII, as defined in the SEBI FII Regulations, or its sub account may issue, deal or hold, off shore derivative instruments (defined under the SEBI FII Regulations, as any instrument, by whatever name called, which is issued overseas by a foreign institutional investor against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. The FII is also required to ensure that no further issue or transfer of any Offshore Derivative Instrument issued by it is made to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Sub-accounts of FIIs are not permitted to issue offshore derivative instuments. Associates and affiliates of the underwriters including the BRLMs and the Syndicate Members that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue.

Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors respectively registered with SEBI. Accordingly, the holding in any company by any individual venture capital fund or FVCI should not exceed 25% of the corpus of the venture capital fund/foreign venture capital investor. However, venture capital funds or foreign venture capital investors may invest not more than 33.33% of their respective investible funds in various prescribed instruments, including in IPOs.

Pursuant to the SEBI ICDR Regulations, the shareholding of SEBI-registered VCF and FVCI held in a company prior to making an initial public offering would be exempt from lock-in requirements only if the shares have been held by them for at least one year prior to the time of filing the draft prospectus with SEBI.

The above information is given for the benefit of the Bidders. The Bidders are advised to make their own enquiries about the limits applicable to them. Our Company, its Directors and officers, the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company, its Directors and officers and the BRLMs are not liable to inform the investors of any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable investment limits under laws or regulations or maximum number of Equity Shares that can be held by them under applicable laws.

Maximum and Minimum Bid Size

(a) **For Retail Individual Bidders:** The Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Share thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of cut-off option, the Bid would be considered for allocation under the Non Institutional Portion. The option to Bid at Cut-off Price is an option given to the Retail Individual Bidders (including ASBA Bidders) indicating their agreement to Bid and purchase at the Issue Price as determined at the end of the Book Building Process.

(b) **For Other Bidders (Non Institutional Bidders and QIBs bidding in the QIB Portion):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of [•] Equity Shares thereafter. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **Under existing SEBI ICDR Regulations, a QIB Bidder bidding in the QIB**

Portion cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay the QIB Margin Amount upon submission of the Bid.

In case of revision in Bids, the Non Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non Institutional Bidders who are otherwise eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIBs are not allowed to Bid at Cut-off Price. QIB bidders cannot Bid under the ASBA process. Payments made upon any revision of Bids will be adjusted against the payment made at the time of the original Bid or the previously revised Bid, as applicable.

Information for the Bidders:

(a) The Red Herring Prospectus will be filed by our Company with the RoC at least three days before the Bid/Issue Opening Date.

(b) The members of the Syndicate will circulate copies of the Bid cum Application Form to potential investors, and at the request of potential investors, copies of the Red Herring Prospectus.

(c) Our Company and the BRLMs will declare the Bid/Issue Opening Date, Bid/Issue Closing Date at the time of filing the Red Herring Prospectus with the RoC and also publish the same in two national newspapers (one each in English and Hindi) and one regional newspaper, each with wide circulation. Further, it shall also be displayed on the website of the Company, www.cmahendra.com. The Floor Price is [●] times the face value and the Cap Price is [●] times the face value. The Price Band and the Minimum Bid Lot will be decided by our Company in consultation with the BRLMs and advertised by the company at least two (2) working days prior to the Bid / Issue Opening Date.

(d) The members of the Syndicate shall accept Bids from the Bidder during the Bidding Period in accordance with the terms of the Syndicate Agreement.

(e) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from our Registered Office, BRLMs or from any of the members of the Syndicate.

(f) Eligible investors who are interested in subscribing for the Equity Shares should approach the BRLMs or the Syndicate Members or their authorised agent(s) to register their Bids.

(g) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the Syndicate Member. Bid cum Application Forms, which do not bear the stamp of the Syndicate Member, will be rejected**.**

(h) The Bidders can Bid at any price within the Price Band, in multiples of [●] Equity Shares. In accordance with the SEBI ICDR Regulations, our Company in consultation with the BRLMs, reserves the right to revise the Price Band during the Bidding/Issue period. The cap on the Price Band will not be more than 120% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band.

(i) In case the Price Band is revised, the Bidding/Issue period shall be extended, by an additional three working days, subject to the total Bidding/Issue period not exceeding 10 working Days. The revised Price Band and Bidding/Issue period, if applicable, will be widely disseminated by notification to the Stock Exchanges, and by publishing in two national newspapers (one each in English and Hindi) and one regional newspaper, with wide circulation in the place where our Registered Office is situated and also by indicating the change on the websites of the BRLMs and at the terminals of the members of the Syndicate.

Method and Process of Bidding

(a) Our Company along with the BRLMs shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date at the time of filing the Red Herring Prospectus with RoC and also publish the same in one English national daily newspaper, one Hindi national daily newspaper and one regional language newspaper, each with wide circulation in the place where our Registered Office is situated. This

advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XIII of the SEBI ICDR Regulations. The Price Band and the Minimum Bid Lot for the Issue will be decided by our Company in consultation with the BRLMs including the relevant financial ratios computed for both the Cap Price and Floor Price and advertised at least two working days prior to the Bid/Issue Opening Date in one English national daily newspaper, one Hindi national daily newspaper and one regional language newspaper, each with wide circulation. The Members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.

(b) The Bidding Period shall be for a minimum of three working days and not exceeding 10 working days (including the days for which the Issue is open in case of revision in Price Band). In case the Price Band is revised, the revised Price Band and the Bidding Period will be widely disseminated by notification to SCSBs, BSE and NSE, and will be published in one English national daily newspaper, one Hindi national daily newspaper and one regional language newspaper, each with wide circulation, and also by indicating the change on the websites of the BRLMs and at the terminals of members of the Syndicate and the Bidding Period may be extended, if required, by an additional three working days, subject to the total Bidding Period not exceeding 10 working days.

(c) During the Bid/Issue Period, eligible investors who are interested in subscribing for the Equity Shares should approach the members of the Syndicate or their authorised agents to register their Bid.

(d) Each Bid cum Application Form will give the Bidder the choice to Bid for up to three optional prices (for details see "Bids at Different Price Levels" below), within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.

(e) The Bidder cannot Bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate or a SCSB respectively. Submission of an additional Bid cum Application Form to either the same or to another member of the Syndicate or ASBA Form to any SCSB will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the *"Build Up of the Book and Revision of Bids"* beginning on page 242 of the Draft Red Herring Prospectus. Provided that Bids submitted by a QIB in the Anchor Investor Portion and in the Net QIB Portion will not be considered as Multiple Bids.

(f) During the Bidding period, Bidders may approach the members of the Syndicate or their authorized agent to submit their Bid. Every member of the Syndicate shall accept bids from Bidders who place orders through them and shall have the right to vet the Bids, subject to the terms of the Syndicate Agreement and the Draft Red Herring Prospectus.

(g) Except in relation to the Bids received from the Anchor Investors, the members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip ("**TRS**"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form. It is the responsibility of the Bidder to obtain the TRS from the member of the Syndicate.

(h) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under *"Terms of Payment and Payment into the Escrow Account(s)"* beginning on page 245 of the Draft Red Herring Prospectus.

(i) The BRLMs shall dispatch the Red Herring Prospectus and other Offer material including ASBA Forms, to the Designated Stock Exchange, the Syndicate Members, Bankers to the Offer, investors' associations and SCSBs in advance.

(j) The identity of QIB Bidders bidding in the Offer (whether under the Anchor Investor Portion or the net QIB Portion) shall not be made public.

Bids at Different Price Levels and Revision of Bids

(a) The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Share, Rs. [●] being the Floor Price and Rs. [●] being the Cap Price. The Bidders can Bid at any price with in the Price Band, in multiples of Rupee 1. The Price Band and the minimum Bid Lot Size for the Issue shall be decided by our Company, in consultation with the BRLMs, and advertised in three newspapers (one in English, one in Hindi, and in one regional newspaper) at least two working days prior to the Bid/Issue Opening Date.

(b) 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 shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on either side i.e. the floor price can move up or down to the extent of 20% of the Floor Price disclosed at least two days prior to the Bid/Issue Opening Date and the Cap Price will be revised accordingly.

(c) In case of revision in the Price Band, the Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the SCSBs, Stock Exchanges, by issuing a public notice in [●] edition of [●] in the English language, [●] edition of [●] in the Hindi language and [●] edition of [●] in the regional language, in the place where our Registered is situated and also by indicating the change on the websites of the BRLMs, SCSBs and at the terminals of members of the Syndicate.

(d) Our Company in consultation with the BRLMs can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of or intimation to the Bidders.

(e) The Bidder can Bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may Bid at Cut-off Price. **However, bidding at Cut-off Price is prohibited for QIBs and Non Institutional Bidders and such Bids from QIBs and Non Institutional Bidders shall be rejected**.

(f) Retail Individual Bidders who Bid at the Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off Price shall deposit the Bid Amount based on the Cap Price in the Escrow Account(s). In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who Bid at Cut-off Price (i.e., the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders who Bid at Cut-off Price shall receive the refund of the excess amounts from the Refund Account(s) in the manner described under the paragraph titled "***Payment of Refund***" beginning on page 245 of the Draft Red Herring Prospectus.

(g) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the revised Cap Price (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 100,000 for Retail Individual Bidders bidding at the Cut-off Price, if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 100,000 for Retail Individual Bidders bidding at the Cut-off Price the Bid will be considered for allocation under the Non Institutional Portion in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the Cap Price prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that the no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at the Cut-off Price.

(h) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.

(i) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [●] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.`

Terms of Payment and Payment into the Escrow Account(s)

Each Bidder shall provide the applicable Margin Amount, with the submission of the Bid cum Application Form by drawing a cheque or demand draft for the maximum amount of the Bid in favour of the Escrow Account(s) of the Escrow Collection Bank(s) (for details see paragraph titled *"Payment Instructions"* beginning on page 245 of the Draft Red Herring Prospectus, and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash/stock invest/money order shall not be accepted. The Bidder may also provide the applicable Margin Amount by way of an electronic transfer of funds through the RTGS mechanism. Each QIB shall provide its Margin Amount only to the Syndicate Member. The Margin Amount based on the Bid Amount has to be paid at the time of the submission of the Bid cum Application form. The Margin Amount shall be entered and printed on the TRS which shall be furnished upon request.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold such monies for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account(s), as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be held for the benefit of the Bidders who are entitled to refunds.

Each category of Bidders i.e., Anchor Investors, QIB Bidders, Non Institutional Bidders and Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form. The Margin Amount payable by each category of Bidders is mentioned under the chapter titled *"Issue Structure"* beginning on page 242 of the Draft Red Herring Prospectus. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares transferred at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date. Anchor investor shall pay the balance amount within 2(two) days of the date of the Issue. If the payment is not made favouring the Escrow Account(s) within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the applicable Margin Amount for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid cum Application Form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had Bid for, the excess amount paid on bidding, if any, after adjustment for allotment will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which our Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

(a) The members of the Syndicate will register the Bids received, using the on-line facilities of the Stock Exchanges. There will be at least one on-line connectivity in each city, where the stock exchanges are located in India and where such Bids are being accepted.

(b) The Stock Exchanges will offer a screen-based facility for registering such Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Bidding Period. The Syndicate Members can also set up facilities for off-line electronic registration of Bids subject to the condition that it will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis.

(c) On the Bid/Issue Closing Date, the members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLMs on a regular basis. Bidders are cautioned that a high inflow of bids typically experienced on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that could not uploaded will not be considered for allocation. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday).

(d) The aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges will be uploaded on a half hourly basis, consolidated and displayed on-line at all bidding centres and the website of the Stock Exchanges. A graphical representation of consolidated demand and price would be made available at the bidding centers and at the websites of each of the Stock Exchanges during the Bid/ Issue Period.

(e) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:

- Name of the Bidder. Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depositary Account is held. In case the Bid cum Application Form is submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.
- Investor Category – Individual, Corporate, Eligible NRI, FI, FII, or Mutual Fund, QIBs, FVCI, etc.
- Numbers of Equity Shares Bid for.
- Bid Amount.
- Bid cum Application Form number.
- Margin Amount has been paid upon submission of Bid cum Application Form.
- Depository Participant Identification Number and Client Identification Number of the beneficiary account of the Bidder.

(f) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated/ Allotted either by the members of the Syndicate or our Company**.**

(g) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(h) In the case of QIB Bidders in the QIB Portion, BRLMs may reject any Bid procured by any or all of the Syndicate Member at the time of acceptance of Bid cum Application Form for reasons to be recorded in writing for rejecting the Bid and the reasons thereof shall be disclosed to such Bidder. In case of Non Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed under the paragraph titled *"Grounds for Technical Rejections"* beginning on page 245 of the Draft Red Herring Prospectus.

(i)The permission given by the Stock Exchanges to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and the BRLMs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.

(j)It is also to be distinctly understood that the approval given by the Stock Exchanges should not in any way be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

(k) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. In case of discrepancy of data between the Stock Exchanges and the members of the Syndicate, the decision of the BRLMs based on the physical records of Bid cum Application Forms shall be final and binding on all concerned.

Build Up of the Book and Revision of Bids

(a) The bidding process shall be only through an electronically linked transperant bidding facility provided by the Stock Exchanges. Bids registered by various Bidders through the members of the syndicate shall be electronically transmitted to BSE and NSE mainframe on a regular basis. The bidding terminals shall contain an online graphical display of the aggregate demand and bid prices updated at periodic intervals not exceeding thirty minutes.

(b) The book gets built up at various price levels. This information will be available with the BRLMs on a regular basis.

(c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.

(d) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.

(e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

(f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. In case of QIB Bidders in the QIB Portion, the Syndicate Member shall collect the payment in the form of cheque or demand draft or electronic transfer for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.

(g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the concerned member of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**

(h) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. In the event of a discrepancy of data between the Bids registered on the online IPO system and the physical Bid cum Application form, the decision of our Company in consultation with the BRLMs based on the physical records of the Bid cum Application Forms, shall be final and binding on all concerned.

Under existing SEBI ICDR Regulations, a QIB Bidder bidding in the QIB Portion cannot withdraw its Bid after the Bid/Issue Closing Date

Price Discovery and Allocation

(a) After the Bid/Issue Closing Date, the BRLMs will analyse the demand generated at various price levels and discuss the pricing strategy with our Company.

(b) Our Company in consultation with the BRLMs shall finalise the Issue Price.

(c) Allocation to QIBs will be at least 50% of the Issue, not less than 15% of the Issue will be available for allocation to Non Institutional Bidders and not less than 35% of the Issue will be available for allocation to Retail Individual Bidders, on a proportionate basis, in the manner specified in SEBI ICDR Regulations and the Red Herring Prospectus, in consultation with the Designated Stock Exchange, subject to valid bids being received at or above the Issue Price

(d) If at least 50% of the Issue is not allotted to QIBs, the entire subscription monies shall be refunded. Under-subscription, if any, in the Non Institutional Portion and Retail Portion would be met with spill over from any other category at the discretion of our Company and in consultation with the BRLMs, the Designated Stock Exchange. In the event that the aggregate demand in the QIB Portion has been met, under subscription in other categories, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the BRLMs, the Designated Stock Exchange.

(e) 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only (to be adjusted for Anchor Investor Portion, if applicable). The remainder of the QIB Portion shall be available for allocation on a proportionate basis to QIBs including Mutual funds, subject to valid Bids being received from them at or above the Issue Price. If the aggregate demand by Mutual Funds in the Mutual Fund Portion is less than 5% of the QIB portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be Allotted proportionately to the QIB Bidders.

(f) Allocation to Eligible NRIs, FIIs, eligible / permitted sub accounts of FIIs, foreign venture capital funds registered with SEBI applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines, approvals and the terms and conditions stipulated by the FIPB and RBI, while granting permission for Allotment of Equity Shares to them in this Issue.

(g) The BRLMs, in consultation with our Company shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.

(h) Our Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date, but before the Allotment, and the reasons thereof shall be given as a public notice within two days of the cancellation of the Issue / Bid/Issue Closing Date. The public notice will be issued in the same newspapers where the pre-Issue advertisements had appeared. Further the Stock Exchanges will also be informed promptly. In terms of the SEBI ICDR Regulations, QIB Bidders bidding in the QIB Portion shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

(i)Our Company in consultation with the BRLMs, reserves the right to reject any Bid procured from QIB Bidders, by any or all Syndicate Members. In case of QIB Bidders, BRLMs may reject any Bid procured by any or all of the Syndicate Member at the time of acceptance of Bid cum Application Form for reasons to be recorded in writing for rejecting the Bid and the reasons thereof shall be disclosed to such Bidder.

(j)QIB Bidders shall not be allowed to withdraw their Bid after the Bid / Issue Closing date. Further, Anchor Investors shall not be allowed to withdraw their Bid after the Anchor Investor Bidding Date.

(k) The Allotment details shall be put on the website of Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

(a) Our Company, the BRLMs and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and Allocation to the Bidders.

(b) After signing the Underwriting Agreement, the updated Red Herring Prospectus will be filed by our Company with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

(c) We will file a copy of the Red Herring Prospectus and Prospectus with the RoC in terms of Sections 56, 60 and 60B of the Companies Act.

Announcement of Pre-Issue Advertisement

Subject to the provisions of section 66 of the Companies Act, 1956, our Company shall, after registering the Red Herring Prospectus with the Registrar of Companies, make a pre-Issue advertisement in one English national daily newspaper, one Hindi national daily newspaper and one regional language newspaper at the place where the Registered Office of the issuer is situated, each with wide circulation.

Advertisement regarding Price Band

If the Price Band is not mentioned in the Red Herring Prospectus, then our Company shall announce the Price Band at least two working days before the Bid / Issue Opening Date including the relevant financial ratios computed for both the Cap Price and Floor Price, in all the newspapers in which the pre-Issue advertisement was released; i.e. in one English national daily newspaper, one Hindi national daily newspaper and one

regional language newspaper at the place where the registered office of the issuer is situated, each with wide circulation

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by our Company after the filing of the Prospectus with the RoC in an English national newspaper, a Hindi national newspaper and a regional newspaper, each with wide circulation. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of the Red Herring Prospectus and the Prospectus shall be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note ("CAN")

(a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the BRLMs or Registrar to the Issue shall send to the Syndicate Members a list of their Bidders who have been allocated/ Allotted Equity Shares in the Issue. The approval of the basis of Allotment by the Designated Stock Exchange for QIB Bidders in the QIB Portion may be done simultaneously with or prior to the approval of the basis of Allotment for the Retail and Non Institutional Bidders. However, investors should note that our Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date. For Anchor Investors, see "Notice to Anchor Investors- Allotment Reconciliation and Revised CANs".

(b) The BRLMs or the Syndicate Members would dispatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. QIB Bidders who have not paid the entire Bid Amount into the Escrow Account(s) at the time of bidding shall pay in full the amount payable into the Escrow Account(s) by the Pay-in Date specified in the CAN.

(c) Bidders who have been allocated Equity Shares and who have already paid the Bid Amount into the Escrow Account(s) at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account(s). The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the Allotment to such Bidder.

(d) The Issuance of CAN is subject to "***Notice to QIBs: Allotment Reconciliation and Revised CANs***" as set forth below

Notice to Anchor Investors: Allotment Reconciliation and Revised CANs

After the Anchor Investor Bidding Date, a physical book will be prepared by the Registrar on the basis of Bid cum Application Forms received in the Anchor Investor Portion. Based on the physical book and at the discretion of our Company and Book Running Lead Managers, select Anchor Investors may be sent a CAN, within two working days of the Anchor Investor Bidding Date, indicating the number of Equity Shares that may be allocated to them. The provisional CAN shall constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the Anchor Investor to pay the entire Issue Price for all the Equity Shares allocated to such Anchor Investor. This provisional CAN and the final allocation is subject to (a) physical application being valid in all respects along with stipulated documents being received by the Registrar to the Issue, (b) the Issue Price being finalized at a price not higher than the Anchor Investor Issue Price, and (c) allotment by the Board of Directors. Subject to SEBI Regulations, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, among other things, and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. In such instances or in the event the Issue Price is fixed higher that the Anchor Investor Issue Price, a revised CAN may be sent to Anchor Investors, price of the Equity Shares in such revised CAN may be different from that specified in the earlier CAN. Anchor Investors should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation or price of Equity Shares, which shall in no event be later than two days after the Bid Closing Date. Any revised CAN, if issued, will supersede in entirety the earlier CAN.

Notice to QIBs: Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. This shall be followed by a physical book prepared by the Registrar on the basis of Bid cum Application Forms received. Based on the electronic book or the physical book, as the case may be, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the Basis of Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar to the Issue, prior to Allotment by our Board of Directors. Subject to SEBI ICDR Regulations, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and Basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

(a) Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account(s) to the Public Issue Account and to Refund Account(s) on the Designated Date, our Company will ensure the credit to successful Bidders depository account within two working days of the date of Allotment.

(b) In accordance with the SEBI ICDR Regulations, Equity Shares will be issued, transferred and Allotment shall be made only in the dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Issue.

General Instructions

Do's:

(a) Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable laws, rules, regulations, guidelines and approvals;

(b) Ensure that you have Bid within the Price Band;

(c) Read all the instructions carefully and complete the Resident Bid cum Application Form (White in colour) or Non-Resident Bid cum Application Form (Blue in colour), or the ASBA Bid cum Application Form (Green in colour), as the case may be;

(d) Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialized form only;

(e) Ensure that the beneficiary account is activated;

(f) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a Syndicate Member;

(g) Ensure that you have been given a TRS for all your Bid options;

(h) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;

(i) Except for Bids on behalf of the Central or State Government and the officials appointed by the courts, each of the Bidders should mention their Permanent Account Number (PAN) allotted under the I.T. Act;

(j) Ensure that the Demographic Details (as defined in the section titled "***Bidders Depository Account Details***" beginning on page 245 of the Draft Red Herring Prospectus) are updated, true and correct in all respects;

(k) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

Don'ts:

(a) Do not Bid for lower than the minimum Bid size;

(b) Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;

(c) Do not Bid for allotment of Equity Shares in physical form;

(d) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the member of the Syndicate;

(e) Do not pay the Bid Amount in cash, by money order, by postal order or by stockinvest;

(f) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;

(g) Do not Bid at Cut-off Price (for QIB Bidders and Non Institutional Bidders);

(h) Do not fill up the Bid cum Application Form such that the Equity Shares Bid exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus;

(i) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

(j) Do not bid at Bid Amount exceeding Rs. 100,000 in case of Bid by a Retail Individual Bidder; and

(k) Do not submit the Bid without the QIB margin, in case of bids by QIB.

(l) Do not submit the Bid without the Anchor margin, in case of bids under Anchor Investor portion.

Instructions for Completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate or the Registered Office of our Company or BRLMs.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

(a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable. (White colour forms for Resident Indians and Eligible NRIs applying on a non-repatriation basis, blue colour forms for Eligible NRIs, FVCIs and FIIs applying on a repatriation basis, and green for ASBA Bidders.)

(b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.

(c) For Retail Individual Bidders (including Eligible NRIs) the Bid must be for a minimum of [•] Equity Shares and in multiples of [•] thereafter subject to a maximum Bid Amount of Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non Institutional Bidders portion. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

(d) For Non Institutional Bidders and QIB Bidders bidding in the QIB Portion (including Eligible NRIs), Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of [•] Equity Shares thereafter. Bids cannot be made for more than the Issue Size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations. QIBs bidding in the QIB Portion cannot withdraw their Bid after the Bid/Issue Closing Date.

(e) In case of revision in Bids, the Non Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIBs are not allowed to Bid at Cut off Price.

(f) Bids by Non Residents, Eligible NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis shall be in the names of individuals, or in the names of FIIs or FVCIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding Eligible NRIs) or their nominees.

(g) In single name or in joint names (not more than three and in the same order in which they appear in the beneficiary account held with the Depository Participant).

(h) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's Depository Account and Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic

details including address, Bidders bank account details, Magnetic Ink Character Recognition ("MICR") code and occupation (hereinafter referred to as "Demographic Details"). These Demographic Details would be used for giving refunds (including through physical refund warrants, direct credit, ECS/NECS, NEFT and RTGS) to the Bidders. Hence, Bidders are advised to immediately update their Demographic Details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in dispatch/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs, the Registrar to the Issue nor the Escrow Collection Banks nor our Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form. Further it is mandatory to provide the bank details in the Bid cum Application Form, failing which the Bid will be liable to be rejected.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/CANs/Allocation Advice and printing of Bank particulars on the refund order or making refunds electronically and the Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue. Hence the Bidders are advised to update their Demographic Details as provided to the DP and ensure they are true and correct.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund orders (where refunds are not being made electronically)/Allocation Advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither our Company, Registrar to the Issue, Escrow Collection Bank(s) nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in the Red Herring Prospectus, Bidders may note that refunds may get delayed if bank particulars obtained from the Depository Participant are incorrect or incomplete.

In case no corresponding record is available with the Depositories, which matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number, then such Bids are liable to be rejected.

Our Company in its absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar to the Issue that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice / refunds through electronic transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Bids by Non Residents, Eligible NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis

Bids and revision to Bids must be made:

1. On the Bid cum Application Form or the Revision Form, as applicable (Blue in colour) and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.

2. In a single name or joint names (not more than three and in the same order as their Depository Participant details).

3. In the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding Eligible NRIs) or their nominees. Eligible NRIs for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 100,000 would be considered under Non Institutional Portion for the purposes of allocation; by other eligible Non Resident Bidders for a minimum of such number of Equity Shares and in multiples of [•] thereafter that the Bid Amount exceeds Rs. 100,000. For further details, see the section titled "***Maximum and Minimum Bid Size***" beginning on page 245 of the Draft Red Herring Prospectus.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE or FCNR accounts, as the case may be, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

As per the RBI regulations, OCBs are not permitted to participate in the Issue.

There is no reservation for Non Residents, Eligible NRIs, FIIs and foreign venture capital funds and all Non Residents, Eligible NRI, FII and foreign venture capital funds applicants will be treated on the same basis with other categories for the purpose of Allocation.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made pursuant to a power of attorney by FIIs, FVCIs a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made pursuant to a power of attorney by Mutual Funds, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by provident funds with minimum corpus of Rs. 2,50 million (subject to applicable law) and pension funds with minimum corpus of Rs. 2,50 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that our Company and the BRLMs may deem fit.

Payment Instructions

Escrow Mechanism

Our Company and the Syndicate Members shall open Escrow Account(s) with the Escrow Collection Bank(s) for the collection of the Bid Amount payable upon submission of the Bid cum Application Form and for amounts payable pursuant to Allocation/Allotment in the Issue.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Bank(s), for and on behalf of the Bidders, shall maintain the monies in the Escrow Account. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, into the Public Issue Account and Refund Account as per the terms of the Escrow Agreement. The balance amount after transfer to the Public Issue Account shall be held for the benefit of the Bidders who are entitled to refunds. Payments of refund to the Bidders shall also be made from the Refund Account are per the terms of the Escrow Agreement and the Red Herring Prospectus. Except as set forth under "***Interest in Case of Delay in Dispatch of Allotment Letters/Refund Orders***" beginning on page 245 of the Draft Red Herring Prospectus, the Bidder will not receive interest on the Margin Amount.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Syndicate Members, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Payment into Escrow Account(s)

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on Allocation/Allotment as per the following terms:

1. The Bidders for whom the applicable Margin Amount is equal to 100%, shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account(s) and submit the same to the members of the Syndicate.

2. In case of QIBs bidding in the QIB Portion, where the margin is less than 100% of the Bid Amount, the balance amount shall be paid by the Bidders into the Escrow Account(s) within the period specified in the CAN. If the payment is not made in favour of the Escrow Account within the stipulated time, the Bid is liable to be rejected.

3. The payment instruments for payment into the Escrow Account should be drawn in favour of:

    - In case of Resident QIB Bidders: **"**Escrow Account – CMEL – QIB – R"
    - In case of non-resident QIB Bidders: **"**Escrow Account – CMEL – QIB– NR"
    - In case of Resident Bidders: **"**Escrow Account – CMEL – Public Issue–R"
    - In case of Non Resident Bidders: "Escrow Account – CMEL – Public Issue – NR"
    - In case of Resident Anchor Investors: "Escrow Account – CMEL – Public Issue – Anchor Investor – R".
    - In case of Non-Resident Anchor Investors: "Escrow Account – CMEL – Public Issue – Anchor Investor – NR".

4. In case of Bids by Eligible NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account maintained with banks authorised to deal in foreign exchange in India.

5. In case of Bids by FIIs, or FVCIs the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Rupee Account.

6. Where a Bidder has been Allocated/ Allotted a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated will be refunded to the Bidder from the Refund Account.

7. The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Banks, which will hold the monies deposited in the Escrow Account for the benefit of the Bidders till the Designated Date.

8. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account(s) as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.

9. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for Allocation/Allotment to the Bidders.

10. Payments should be made by cheque, or demand draft drawn on any bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash / stockinvest / Money Orders / Postal orders will not be accepted.

11. Bidders are advised to mention the number of application form on the reverse of the cheque / demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.

12. In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Banks, such Bids are liable to be rejected.

Payment by Stockinvest/money order

Under the terms of the RBI Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 05, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Payment through stockinvest would not be accepted in this Issue. Further, payments through money order would not be accepted in this Issue.

Submission of Bid Cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

Other Instructions

- ***Joint Bids in the case of Individuals***

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

- ***Multiple Bids***

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. 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.

Our Company, in consultation with the BRLMS, reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories. In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file, which would serve as a multiple master.

2. In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.

3. The Registrar will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid cum Application Form and create an address master.

4. The addresses of all the applications in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The applications with same name and same address will be treated as multiple applications.

5. The applications will be scrutinized for DP ID and beneficiary account numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.

6. Subsequent to the aforesaid procedures, a print out of the multiple master will be taken and the applications physically verified to tally signatures as also father's/ husband's names. On completion of this, the applications will be identified as multiple applications.

In cases where there are more than 20 valid applicants having a common address, such shares will be kept in abeyance, post Allotment and released on confirmation of KYC norms by the depositories.

Permanent Account Number or PAN

Except for Bids on behalf of the Central or State Government and the officials appointed by the courts, each of the Bidders should mention his/her PAN allotted under the I.T. Act. Each Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN. Applications without this information will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.**

Further, Bidders residing in the State of Sikkim are exempted from the mandatory requirement of PAN. The exemption is subject to the Depository Participants verifying the veracity of the claim of the investors that they are residents of Sikkim, by collecting sufficient documentary evidence in support of their address.

Unique Identification Number ("UIN")

Pursuant to circulars dated April 27, 2007 (No. MRD/DoP/Cir-05/2007) and June 25, 2007 (No. MRD/DoP/Cir-08/2007) issued by SEBI, the requirement of UIN under the SEBI (Central database of Market Participants) Regulations, 2005 has been discontinued and irrespective of the amount of transaction, PAN has been made the sole identification number for all participants in the securities market.

Right to Reject Bids

In case of QIB Bidders, our Company in consultations with the BRLMs, may reject any Bid procured by any or all of the Syndicate Member at the time of acceptance of Bid cum Application Form for reasons to be recorded in writing for rejecting the Bid and the reasons thereof shall be disclosed to such Bidder. Provided further that, our Company in consultation with the BRLMs, reserves the right to reject any Bid received from Anchor Investors without assigning any reasons therefore. In case of Non Institutional Bidders and Retail Individual Bidders, our Company has a right to reject Bids based on technical grounds only. Consequent refunds shall

be made through any of the modes described in the Red Herring Prospectus and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for;
2. Age of First Bidder not given;
3. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and not partnership firms and as such no firm shall be entitled to apply;
4. Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors (except through their natural / legal guardian), insane persons, persons with unsound mind;
5. PAN not stated or GIR number stated instead (except for Bids on behalf of the Central or State Government and the officials appointed by the courts);
6. Bids for lower number of Equity Shares than specified for that category of investors;
7. Bids at a price less than the Floor Price;
8. Bids at a price more than the Cap Price;
9. Bids at Cut-off Price by Non Institutional Bidders and QIB Bidders;
10. Bids for number of Equity Shares which are not in multiples of [•];
11. Category not ticked;
12. Multiple Bids as described in the Red Herring Prospectus;
13. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
14. Bids accompanied by money order/postal order/cash/stockinvest;
15. Signature of sole and/or joint Bidders missing;
16. Bid cum Application Forms does not have the stamp of the BRLMS or the Syndicate Members;
17. Bid cum Application Forms does not have Bidder's depository account details or the details given are incomplete;
18. Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;
19. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depositary Participant's identity (DP ID) and the beneficiary's account number;
20. Bids for amounts greater than the maximum permissible amounts prescribed by the applicable regulations;
21. Bids in respect where the Bid cum Application Form do not reach the Registrar to the Issue prior to the finalisation of the 'Basis of Allotment';
22. Bids by QIBs not submitted through a Syndicate Member;
23. Bids by OCBs;

24. Bids by U.S residents or U.S persons other than "Qualified Institutional Buyers" and "Qualified Purchasers" as per Rule 144A of the Securities Act.

25. Bids where clear funds are not available in the Escrow Accounts as per the final certificate from the Escrow Collection Banks;

26. Bids not uploaded in the Book would be rejected;

27. Bids or revision thereof by QIB Bidders and Non Institutional Bidders where the Bid Amount is in excess of Rs. 100,000 uploaded after 4.00 p.m. on the Bid/Issue Closing Date;

28. Bank account details not given;

29. Bids for allotment of Equity Shares in physical form;

30. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

31. Bids by persons who are not eligible to acquire Equity Shares of our Company in terms of all applicable laws, rules, regulations, guidelines and approvals;

32. Bids that do not comply with the securities laws of their respective jurisdictions;

33. Bids by any persons outside India if not in compliance with applicable foreign and Indian laws;

34. Bids by NRIs not disclosing their residential status; and

35. Bids by FVCIs without obtaining necessary consents and approvals, if required in terms of any applicable law, rule, regulation or guideline.

Any Revision Form submitted by QIBs with a downward revision in the quantity and/or price of the Offer Shares for which a Bid cum Application Form has been submitted shall be rejected and the original Bid shall continue to be valid.

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

- Agreement dated May 12, 2008 with NSDL, our Company and the Link Intime India Private Limited;
- Agreement dated July 23, 2009 with CDSL, our Company and the Link Intime India Private Limited.

All Bidders can seek Allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.

b) The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's Identification Number) appearing in the Bid cum Application Form or Revision Form.

c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.

e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.

f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.

g) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

h) The trading of the Equity Shares of our Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

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

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

"*Any person who:*

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years."

Interest on refund of excess bid amount

Our Company shall pay interest at 15% per annum for any delay beyond the 15 day time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 15 day time prescribed above as per guidelines issued by the Government of India, Ministry of Finance and as further modified by the SEBI Rules and Regulations.

ALLOTMENT

Basis of Allotment

A. For Retail Individual Bidders

a) Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.

b) The Issue size less Allotment to Non Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

c) If the aggregate demand in this category is less than or equal to 5,250,000 Equity Shares (assuming at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids).

d) If the aggregate demand in this category is greater than 5,250,000 Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of [•] Equity Shares and multiples of [•] Equity Shares thereafter. For the method of proportionate Basis of Allotment, refer below.

B. For Non Institutional Bidders

a) Bids received from Non Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non Institutional Bidders will be made at the Issue Price.

b) The Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

c) If the aggregate demand in this category is less than or equal to 2,250,000 Equity Shares at or above the Issue Price, full Allotment shall be made to Non Institutional Bidders to the extent of their demand.

d) In case the aggregate demand in this category is greater than 2,250,000 Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [•] Equity Shares and multiples of [•] Equity Shares thereafter. For the method of proportionate basis of Allotment refer below.

C. For QIBs

- Bids received from the QIB Bidders, at or above the Issue Price, shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Issue Price.

- The QIB Portion shall be available for Allotment to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

- Allotment shall be undertaken in the following manner:

(a) In the first instance allocation to Mutual Funds for 5% of the QIB Portion shall be determined as follows:

(i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis of not less than 375,000 Equity Shares (to be adjusted for Anchor Investor Portion, if applicable) for up to 5% of the QIB Portion.

(ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid Bids received at or above the Issue Price.

(iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below;

(b) In the second instance Allotment to all QIBs shall be determined as follows:

(i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be Allotted Equity Shares on a proportionate basis of not less than 7,125,000 Equity Shares for up to 95% of the QIB Portion.

(ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.

(iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

The aggregate allocation to QIB Bidders shall be at least 7,500,000 Equity Shares.

D. For Anchor Investors

Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of our Company, in consultation with the Book Running Lead Managers, subject to compliance with the following requirements:

a. not more than 30% of the QIB Portion will be allocated to Anchor Investors.

b. At least one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds only.

c. Allocation to a minimum number of two Anchor Investors.

The number of Equity Shares Allotted to Anchor Investors and the Anchor Investor Issue Price, shall be made available in the public domain by the Book Running Lead Managers before the Bid Opening Date The Book Running Lead Managers, the Registrar to the Issue and the Designated Stock Exchange shall ensure that the basis of Allotment is finalised in a fair and proper manner in accordance with the SEBI Regulations. The drawing of lots (where required) to finalise the basis of Allotment shall be done in the presence of a public representative on the governing board of the Designated Stock Exchange.

The method of proportionate basis of allotment is stated below.

Illustration of Allotment to QIBs Other Than Anchor Investors

A. Issue Details

Sr. No.	Particulars	Issue Details
1.	Issue Size	200 crores equity shares
2.	Portion available to QIBs*	100 crore equity shares
3.	Anchor Investor Portion	30 crores
4.	Portion Available to QIBs* other than Anchor Investors [(2)-(3)]	70 crores equity shares
	Of which :	
	a) Reservation to MF (5%)	3.5 crores equity shares
	b) Balance for all QIBs including MFs	66.5 crores equity shares
5.	Number of QIB applicants	10
6.	Number of shares applied for	500 crores equity shares

* Where 50% of the Issue size is required to be allotted to QIBs.

B. Details of QIB Bids

Sr. No.	Type of QIB bidders#	No. of shares bid for (in Crores)
1.	A1	50
2.	A2	20
3.	A3	130
4.	A4	50
5.	A5	50
6.	MF 1	40
7.	MF 2	40
8.	MF 3	80
9.	MF 4	20
10.	MF 5	20
	Total	**500**

A1-A5 (QIB bidders other than MFs)
MF1-MF5 (QIB bidders which are MFs)

C. Details of Allotment to QIB Bidders/Applicants

(No. of equity shares in Crores)

Type of QIB bidders	Equity Shares bid for	Allocation of 3.5 crores equity shares to MF's proportionately (see note 2)	Allocation of balance 66.5 crores equity shares to QIBs proportionately (see note 4)	Aggregate allocation to MFs
A1	50	0	6.65	0
A2	20	0	2.66	0
A3	130	0	17.29	0
A4	50	0	6.65	0
A5	50	0	6.65	0
MF 1	40	0.7	5.32	6.02
MF 2	40	0.7	5.32	6.02
MF 3	80	1.4	10.64	12.04
MF 4	20	0.35	2.66	3.01
MF 5	20	0.35	2.66	3.01
Total	**500**	**3.5**	**66.5**	**30.1**

Please note:

1) The illustration presumes compliance with the provisions of regulation 51(1) pertaining to minimum allotment.

2) Out of 70 crore equity shares allocated to QIBs, 3.5 crores (i.e. 5%) will be allocated on proportionate basis among 5 mutual fund applicants who applied for 200 shares in QIB category.

3) The balance 66.5 crore equity shares [i.e. 70 – 3.5 (available for MFs)] will be allocated on proportionate basis among 10 QIB applicants who applied for 500 shares (including 5 MF applicants who applied for 200 shares).

4) The figures at Col. No. IV are arrived as under :

    a) For QIBs other than mutual funds (A1 to A5) = No. of shares bid for (i.e Col II) X 66.5 / 496.5
    b) For mutual funds (MF1 to MF5) = {(No. of shares bid for (i.e Col II) less shares allotted (i.e., col. III)} X 66.5 / 496.5
    c) The numerator and denominator for arriving at allocation of 66.5 crore shares to the 10 QIBs are reduced by 3.5 crore shares, which has already been allotted to mutual funds at Col. No. (III).

Method of Proportionate Basis of Allotment in the Issue

Except in relation to Anchor Investors, In the event of Issue being over-subscribed, our Company shall finalize the Basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMS and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalized in a fair and proper manner.

Except in relation to Anchor Investors, Allotment shall be made in marketable lots, on a proportionate basis as explained below:

a) Bidders will be categorized according to the number of Equity Shares applied for.

b) The total number of Equity Shares to be Allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

c) Number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

d) In all Bids where the proportionate Allotment is less than [•] Equity Shares per Bidder, the allotment shall be made as follows:

- Each successful Bidder shall be Allotted a minimum of [•] Equity Shares; and

- The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.

e) If the proportionate Allotment to a Bidder is a number that is more than [•] but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that number is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be Allotted Equity Shares arrived at after such rounding off.

f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

g) Subject to valid Bids being received, Allotment of Equity Shares to Anchor Investors will be at the discretion of our Company, in consultation with the Book Running Lead Managers.

Payment of Refund

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain, from the Depositories, the Demographic Details including Bidders' address, bank account details, including the nine digit Magnetic Ink Character Recognition ("**MICR**") code as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing in the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither our Company, the Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue nor the BRLMs shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

The payment of refund, if any, would be done through various modes in the following order of preference:

ECS (Electronic Clearing Services) **/ NECS** (National Electronic Clearing Services)– Payment of refund would be done through ECS/NECS for applicants having an account at any of the 68 centres notified by SEBI through its notification (Ref. No. SEBI/CFD/DILDIP/29/2008/01/02) dated February 1, 2008.This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of such centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.

1. **Direct Credit** – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Bid cum Application form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company.

2. **RTGS** (Real Time Gross Settlement) – Applicants having a bank account at any of the centres where such facility has been made available and whose refund amount exceeds Rs. one lac, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the Indian Financial System Code ("IFSC") code in the Bid cum

Application Form. In the event the same is not provided, refund shall be made through ECS / NECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the Bidder.

3. **NEFT** (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank branch is NEFT enabled and has been assigned the Indian IFSC code, which can be linked to a Magnetic Ink Character Recognition (MICR) code of that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date prior to the date of payment of refund, duly mapped with MICR code. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency and the past experience of the Registrars to the Issue. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in this section.

4. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Refunds to any specified category of applicants may be made in any other electronic manner permissible under the banking laws for the time being in force, if specified by SEBI in this regard.

DISPOSAL OF APPLICATIONS AND APPLICATION MONIES AND INTEREST IN CASE OF DELAY

Our Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within two working days of Allotment of Equity Shares.

In case of applicants who receive refunds through ECS / NECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Bid/Issue Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within 15 days of Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within seven working days of finalization of the Basis of Allotment of Equity Shares.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI ICDR Regulations, our Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialized form within 15 (fifteen) days of the Bid/Issue Closing Date;

- Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 (fifteen) days of the Bid/Issue Closing Date would be ensured; and

Letters of Allotment or Refund Orders

Our Company shall give credit to the beneficiary account with depository participants within two working days of Allotment of Equity Shares, and shall dispatch refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and will dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 15 days of the Bid/Issue Closing Date. Applicants residing at the centers where ECS / NECS facility has been made available, where clearing houses are managed by the RBI, will get refunds through ECS / NECS subject to adequate details being available in the Demographic Details received from the Depositories, except where applicant is otherwise disclosed as eligible to get refunds through Direct Credit and RTGS or any other mode as mentioned above.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI ICDR Regulations, our Company further undertakes that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;

- Dispatch of refunds will be done within 15 days from the Bid/Issue Closing Date; and

Our Company will pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund instruction are not given and/or demat credits are not made to investors within the 15 day time prescribed above.

Our Company will provide adequate funds required for dispatch of refunds orders or Allotment advice to the Registrar to the Issue.

Refunds will be made through any of the modes described above and bank charges, if any, for encashing cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Interest in case of delay in dispatch of Allotment letters/refund orders

We agree that Allotment of Equity Shares offered to the public shall be made not later than 15 days from the Bid/Issue Closing Date. We further agree that we shall pay interest at 15% per annum if the Allotment letters/refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from the Bid/Issue Closing Date.

In case of revision in the Price Band, the Bidding Period will be extended for three additional working days after revision of Price Band, subject to the total Bidding Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to SCSBs, BSE and NSE, and will be published in one English national daily newspaper, one Hindi national daily newspaper and one regional language newspaper, each with wide circulation, and also by indicating the change on the websites of the BRLMs and at the terminals of the members of the Syndicate

UTILIZATION OF ISSUE PROCEEDS

The Board of Directors declares 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 73 of the Companies Act;

- Details of all monies utilized out of the Issue shall be disclosed and continue to be disclosed till the time any part of the Issue proceeds remains unutilised under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;

- Details of all unutilised monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

The Company shall not have recourse to the proceeds of the Fresh Issue until the final listing and trading approvals from the Stock Exchanges have been obtained.

UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

- that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of Allotment;
- that the funds required for dispatch of refund orders or allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by us;

- that the Equity Shares are free and clear of all liens or encumbrances and shall be allotted to the successful Bidders within the specified time;
- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the Bid/ Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- that adequate arrangements shall be made to collect all ASBA applications and to consider them similar to non-ASBA applications while finalizing the basis of allotment;
- that the certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within specified time; and
- that no further issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

The Company shall not have recourse to the Issue proceeds until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Withdrawal of the Issue

Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue anytime after the Bid/Issue Opening Date but before the Allotment of Equity Shares. In such an event our Company would issue a public notice in the newspapers, in which the pre-Issue advertisements were published, within two days of the Bid/ Issue Closing Date, providing reasons for not proceeding with the Issue. Our Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed. Any further issue of Equity Shares by our Company shall be in compliance with applicable laws. If the Issue is withdrawn after the Bid/Issue Closing Date, our Company shall be required to file a fresh Draft Red Herring Prospectus with the Board.

ISSUE PROCEDURE FOR ASBA BIDDERS

This section is for the information of investors proposing to subscribe to the Issue through the ASBA process. Our Company and the BRLMs are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. ASBA Bidders are advised to make their independent investigations and to ensure that the ASBA Bid cum Application Form is correctly filled up, as described in this section.

The list of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on http://www.sebi.gov.in. For details on designated branches of SCSBs collecting the ASBA Bid cum Application Form, please refer the above mentioned SEBI link.

ASBA Process

A Bidder (other than a QIB) shall submit his Bid through an ASBA Bid cum Application Form, either in physical or electronic mode through internet banking facility, to the SCSB with whom the bank account of the ASBA Bidder or bank account utilised by the ASBA Bidder ("**ASBA Account**") is maintained. The SCSB shall block an amount equal to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form, physical or electronic, on the basis of an authorisation to this effect given by the account holder at the time of submitting the Bid. The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against the allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Bid, as the case may be. The ASBA data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchanges. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant bank accounts and for transferring the amount allocable to the successful ASBA Bidders to the ASBA Public Issue Account. In case of withdrawal/failure of the Issue, the BRLMS through the Registrar to the Issue shall notify the SCSBs to unblock the blocked amount of the ASBA Bidders latest by the next day of receipt of such instruction.

ASBA Bid cum Application Form

ASBA Bidders shall use the ASBA Bid cum Application Form bearing the stamp of the Syndicate Members and/or the Designated Branch of SCSB, as the case may be, for the purpose of making a Bid in terms of the Draft Red Herring Prospectus. ASBA Bidders are required to submit their Bids, either in physical or electronic

mode. In case of application in physical mode, the ASBA Bidder shall submit the ASBA Bid cum Application form at the Designated Branch of the SCSB. In case of application in electronic form, the ASBA Bidder shall submit the ASBA Bid cum Application Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for bidding and blocking funds in the ASBA account held with SCSB, and accordingly registering such Bids.

On submission of the ASBA Bid cum Application Form, the ASBA Bidders are deemed to have authorised (i) the SCSB to do all acts as are necessary to make the Application in the Issue, including uploading his/her Bid, blocking or unblocking of funds in the bank account maintained with the SCSB specified in the ASBA Bid cum Application Form, transfer of funds to the Public Issue Account on receipt of instruction from the Registrar to the Issue after finalisation of the Basis of Allotment; and (ii) the Registrar to the Issue to issue instructions to the SCSB to remove the block on the funds in the bank account specified in the ASBA Bid cum Application Form, upon finalisation of the Basis of Allotment.

Upon the allocation of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the ASBA Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the ASBA Bid cum Application Form to the Designated Branch of the SCSB, the ASBA Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

The prescribed colour of the ASBA Bid cum Application Form shall be white.

Who can Bid?

In accordance with the SEBI ICDR Regulations, a Bidder (other than a QIB) can submit their application through ASBA process to Bid for the Equity Shares of our Company.

A QIB is not permitted to submit an application through the ASBA Process to Bid for the Equity Shares of our Company.

Maximum and Minimum Bid Size for ASBA Bidders

The ASBA Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. The maximum ASBA Bid cannot exceed [●] Equity Shares in order to ensure that the total Bid Amount blocked in respect of the ASBA Bidder does not exceed Rs. 1,00,000. The ASBA Bidders shall Bid only at the Cut-off Price indicating their agreement to Bid and purchase Equity Shares at the final Issue Price as determined at the end of the Book Building Process.

Information for the ASBA Bidders:

a. The BRLMS shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and ASBA Bid cum Application Form to the SCSBs and the SCSBs will then make available such copies to investors applying under the ASBA process. Additionally, the BRLMS shall ensure that the SCSBs are provided with soft copies of the abridged prospectus and the ASBA Bid cum Application Form and that the same are made available on the websites of the SCSBs.

b. ASBA Bidders, under the ASBA process, who would like to obtain the Red Herring Prospectus and/or the ASBA Bid cum Application Form can obtain the same from the Designated Branches of the SCSBs or the BRLMS. ASBA Bidders can also obtain a copy of the abridged prospectus and/or the ASBA Bid cum Application Form in electronic form on the websites of the SCSBs.

c. The Bids should be submitted on the prescribed ASBA Bid cum Application Form if applied in physical mode. SCSBs may provide the electronic mode of Bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors.

d. ASBA Bid cum Application Forms should bear the stamp of the Syndicate Members and/or Designated Branch of the SCSB. ASBA Bid cum Application Forms which do not bear such stamp will be rejected.

e. ASBA Bidders shall correctly mention the bank account number in the ASBA Bid cum Application Form and ensure that funds equal to the Bid Amount are available in the bank account maintained

with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch. In case the amount available in the bank account specified in the ASBA Bid cum Application Form is insufficient for blocking the amount equivalent to the Bid Amount, the SCSB shall reject the application.

f. If the ASBA Account holder is different from the ASBA Bidder, the ASBA Bid cum Application Form should be signed by the account holder as provided in the ASBA Bid cum Application Form. No more than five ASBA Bid cum Applications can be submitted per bank account in the Issue.

g. ASBA Bidders shall correctly mention their DP ID and Client ID in the ASBA Bid cum Application Form. For the purpose of evaluating the validity of Bids, the Demographic Details of ASBA Bidders shall be derived from the DP ID and Client ID mentioned in the ASBA Bid cum Application Form.

Method and Process of Bidding

a. ASBA Bidders are required to submit their Bids, either in physical or electronic mode through internet banking facility. ASBA Bidders submitting their Bids in physical mode should approach the Designated Branches of the SCSBs. ASBA Bidders submitting their Bids in electronic form shall submit their Bids either using the internet enabled bidding and banking facility of the SCSBs or such other electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors, and accordingly registering such Bids. Every Designated Branch of the SCSB shall accept Bids from all such investors who hold accounts with them and desire to place Bids through them. Such SCSBs shall have the right to vet the Bids, subject to the terms of the SEBI ICDR Regulations and the Draft Red Herring Prospectus.

b. The Book Running Lead Managers shall accept Bids from the Anchor Investors on the Anchor Investor Bid Date, i.e. one day prior to the Bid Opening Date. Investors, except Anchor Investors who are interested in subscribing to the Equity Shares should approach any of the members of the Syndicate or their authorised agents to register their Bids, during the Bidding Period.

c. The Designated Branches of the SCSBs shall give an acknowledgment specifying the application number to the ASBA Bidders as a proof of acceptance of the ASBA Bid cum Application Form. Such acknowledgment does not in any manner guarantee that the Equity Shares bid for shall be Allocated to the ASBA Bidders.

d. Upon receipt of the ASBA Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges.

e. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.

f. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form. The Designated Branch shall thereafter enter the Bid details from the prescribed ASBA Bid cum Application Form, if submitted in physical mode, or the Bid information submitted through the electronic mode made available by the SCSBs, as the case may be, into the electronic bidding system of the Stock Exchanges and generate a Transaction Registration Slip ("**TRS**"). The TRS shall be furnished to the ASBA Bidder on request.

g. An ASBA Bidder cannot bid, either in physical or electronic mode, on another ASBA Bid cum Application Form or a non-ASBA Bid cum Application Form after bidding on one ASBA Bid cum Application Form, either in physical or electronic mode, has been submitted to the Designated Branches of SCSBs or uploaded by the ASBA Bidder, as the case may be. Submission of a second ASBA Bid cum Application Form or a non-ASBA Bid cum Application Form to either the same or to another Designated Branch of the SCSB will be treated as multiple Bids and will be liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the Allocation or Allotment of Equity Shares in this Issue.

Bidding

a. If the Price Band is not mentioned in the Red Herring Prospectus as filed with the RoC, the Price Band and the minimum Bid Lot Size for the Issue shall be decided by our Company, in consultation

with the BRLMS, and advertised in two newspapers (one in English, one in Hindi, and one regional newspaper) at least two days prior to the Bid/Issue Opening Date. The ASBA Bidders can submit only one Bid in the ASBA Bid cum Application Form.

b. 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 shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on either side i.e. the floor price can move up or down to the extent of 20% of the Floor Price disclosed at least two days prior to the Bid/Issue Opening Date and the Cap Price will be revised accordingly.

c. In case of revision in the Price Band, the Bid/Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice in [●] edition of [●] in the English language, [●] edition of [●] in the Hindi language and [●] edition of [●] in the [●] language where the pre-Offer advertisement were published and also by indicating the change on the websites of the BRLMS and SCSBs and at the terminals of members of the Syndicate.

d. Our Company in consultation with the BRLMS can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation to, the ASBA Bidders.

e. ASBA Bidders agree that they shall purchase the Equity Shares at any price within the Price Band. In the event the Bid Amount is higher than the subscription amount payable (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the ASBA Account shall be unblocked to the extent to such excess of Bid Amount over the subscription amount payable.

f. In case of an upward revision in the Price Band announced as above, the ASBA Bidders who had Bid at Cut-off Price could either (i) revise their ASBA Bid or (ii) instruct to block additional amount based on the revised Cap Price (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 100,000 for Retail Individual Bidders, if the Bidder wants to continue to Bid at Cut-off Price), with the Controlling Branch or Designated Branch of the SCSBs to whom the original ASBA Bid cum Application Form was submitted. In case the total amount (i.e., original Bid Amount plus additional amount blocked) exceeds Rs. 100,000 for Retail Individual Bidders the Bid will be considered for allocation under the Non Institutional Portion in terms of the Draft Red Herring Prospectus. If, however, the ASBA Bidder does not either revise the ASBA Bid or instruct to block additional amount and the Issue Price is higher than the Cap Price prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that the no additional amount would be required to be blocked from the ASBA Bidder and the ASBA Bidder is deemed to have approved such revised Bid.

Mode of Payment

Upon submission of an ASBA Bid cum Application Form with the SCSB, whether in physical or electronic mode through internet banking, each ASBA Bidder shall be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount, in the bank account maintained with the SCSB.

Bid Amounts paid in cash, by money order or by postal order, or by stock invest, or ASBA Bid cum Application Form accompanied by cash, draft, money order, postal order, stock invest or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted.

After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form till the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Bidders from the respective ASBA Account, in terms of the SEBI ICDR Regulations, into the ASBA Public Issue Account. The balance amount, if any against the said Bid in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The entire Bid Amount, as per the Bid cum Application Form submitted by the respective ASBA Bidders, would be required to be blocked in the respective ASBA Accounts from the time of the submission of the ASBA Bid cum Application Form, whether in physical or electronic mode, until finalisation of the Basis of

Allotment in the Issue and consequent transfer of the Bid Amount against allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Electronic registration of Bids by SCSBs

a. In case of ASBA Bid cum Application Forms, whether in physical or electronic mode, the Designated Branch of the SCSBs will register the Bids using the online facilities of the Stock Exchanges. SCSB shall not upload any ASBA Bid cum Application Form in the electronic bidding system of the Stock Exchange(s) unless

   (i) it has received the ASBA in a physical or electronic form; and

   (ii) it has blocked the application money in the bank account specified in the ASBA or has systems to ensure that Electronic ASBAs are accepted in the system only after blocking of application money in the relevant bank account opened with it.

b. The Stock Exchanges offer a screen-based facility for registering Bids for the Issue which will be available on the terminals of Designated Branches during the Bid/Issue Period. The Designated Branches can also set up facilities for offline electronic registration of Bids subject to the condition that they will subsequently upload the offline data file into the online facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. ASBA Bidders are cautioned that high inflow of bids typically received on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that are not uploaded may not be considered for allocation.

c. The aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges will be displayed online at all the Designated Branches of the SCSBs and on the websites of the Stock Exchanges. A graphical representation of consolidated demand and price would be made available at all the Designated Branches of the SCSBs during the Bidding Period.

d. At the time of registering each Bid, the Designated Branches of the SCSBs shall enter the information pertaining to the investor into the online system, including the following details:

   - Name of the Bidder(s);
   - Application Number;
   - Permanent Account Number;
   - Details of bid options, (a) number of Equity Shares for each Bid, (b) Bid rate for each Bid
   - Depository Participant Identification Number; and
   - Client identification Number of the Bidder's beneficiary account.

   In case of electronic ASBA, the ASBA Bidder shall himself fill in all the above mentioned details, except the application number which shall be system generated. The SCSBs shall thereafter upload all the abovementioned details in the electronic bidding system provided by the Stock Exchanges.

e. A system generated TRS will be given to the ASBA Bidder upon request as proof of the registration of the Bid. **It is the ASBA Bidder's responsibility to obtain the TRS from the Designated Branches of the SCSBs.** The registration of the Bid by the Designated Branch of the SCSB does not guarantee that the Equity Shares bid for shall be Allocated to the ASBA Bidders.

f. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

g. It is to be distinctly understood that the permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or the BRLMS or the Designated Branches of the SCSBs are cleared or approved by the Stock Exchanges, nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements; nor does it take any responsibility for the financial or other soundness of our Company, our management or any scheme or project of our Company.

h. It is also to be distinctly understood that the approval given by the Stock Exchanges should not in any way be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness

of any of the contents of the Draft Red Herring Prospectus; nor does it warrant that our Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

i. The SCSB may reject the ASBA Bid upon receipt of ASBA Bid cum Application Form, if the bank account maintained with the SCSB as mentioned in the ASBA Bid cum Application Form does not have sufficient funds equivalent to the Bid Amount. Subsequent to the acceptance of the Bid by the Designated Branch, our Company would have a right to reject the Bids only on technical grounds.

j. Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for Allocation/Allotment. In case of discrepancy of data between the Stock Exchanges and the Designated Branches of the SCSBs, the decision of the Registrar to the Issue, in consultation with the BRLMS, our Company and the Designated Stock Exchange, based on the physical / electronic records, as the case may be, of the ASBA Bid cum Application Forms shall be final and binding on all concerned.

Build up of the book and revision of Bids

a. Bids registered through the Designated Branches of the SCSBs shall be electronically transmitted to the Stock Exchanges mainframe on a regular basis, in accordance with market practices.

b. The book gets built up at various price levels. This information will be available with the BRLMS, the Stock Exchanges and the Designated Branches of the SCSBs on a regular basis.

c. During the Bid/Issue Period, any ASBA Bidder who has registered his/ her or its interest in the Equity Shares at a particular price level is free to revise his/ her or its Bid within the Price Band using the printed ASBA Revision Form, which is a part of the ASBA Bid cum Application Form. Revisions can be made in both the desired number of Equity Shares and the Bid Amount (including the price per Equity Share) by using the ASBA Revision Form. Apart from mentioning the revised options in the revision form, the ASBA Bidder must also mention the details of all the options in his/ her or its ASBA Bid cum Application Form or earlier ASBA Revision Form. For example, if an ASBA Bidder has Bid for three options in the ASBA Bid cum Application Form and he is changing only one of the options in the ASBA Revision Form, he must still fill the details of the other two options that are not being revised, in the ASBA Revision Form. The SCSB will not accept incomplete or inaccurate Revision Forms.

d. The ASBA Bidder can make this revision any number of times during the Bid/Issue Period. However, for any revision(s) in the Bid, the ASBA Bidders will have to use the services of the same Designated Branch of the SCSB with whom he/she or it holds the bank account. ASBA Bidders are advised to retain copies of the ASBA Revision Form and the revised Bid must be made only in such ASBA Revision Form or copies thereof.

e. Any revision of the Bid shall be accompanied by an instruction to block the incremental amount on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be unblocked by the SCSB.

f. When an ASBA Bidder revises his/her or its Bid, he/she or it shall surrender the earlier TRS and get a revised TRS from the SCSBs. **It is the responsibility of the ASBA Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**

g. The SCSBs shall provide aggregate information about the numbers of ASBA Bid cum Application Forms uploaded, total number of Equity Shares and total amount blocked against the uploaded ASBA Bid cum Application Form and other information pertaining to the ASBA Bidders. The Registrar to the Issue shall reconcile the electronic data received from the Stock Exchanges and the information received from the SCSBs. In the event of any error or discrepancy, the Registrar to the Issue shall inform the SCSB of the same. The SCSB shall be responsible to provide the rectified data within the time stipulated by the Registrar to the Issue. Further the decision of the Registrar to the Issue in consultation with the BRLMS, our Company and the Designated Stock Exchange, in this regard shall be final and binding.

h. Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for Allocation / Allotment.

Price Discovery and Allocation

After the Bid/Issue Closing Date, the BRLMS shall aggregate the demand generated under the ASBA process and which details are provided to them by the Registrar to the Issue to determine the demand generated at

different price levels. For further details, refer paragraph titled *"Price Discovery and Allocation"* beginning on page 245 of the Draft Red Herring Prospectus.

Signing of Underwriting Agreement and RoC Filing

(a) Our Company, the BRLMS and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and Allocation / Allotment to the Bidders.

(b) After signing the Underwriting Agreement, we shall update and file the updated Red Herring Prospectus with the RoC, which then would be termed the 'Prospectus'. The Prospectus would contain details of the Issue Price and Issue size, underwriting arrangements and would be complete in all material respects.

Advertisement regarding Issue Price and Prospectus

After filing of the Prospectus with the RoC, a statutory advertisement will be issued by our Company in one English national daily newspaper, one Hindi national daily newspaper and one regional language newspaper, each with wide circulation. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of CAN

(a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches of the SCSBs, a list of the ASBA Bidders who have been allocated Equity Shares in the Issue. Investors should note that our Company shall endeavour to ensure that the demat credit of Equity Shares pursuant to Allotment shall be made on the same date to all investors in this Issue; and

(b) The ASBA Bidders shall directly receive the CAN from the Registrar. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the ASBA Bidder.

Unblocking of ASBA Account

Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue shall provide the following details to the Controlling Branches of each SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the Public Issue Account and transfer the requisite money to the Public Issue Account designated for this purpose, within the timelines specified in the ASBA facility: (a) the number of Equity Shares to be Allotted against each valid ASBA Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each valid ASBA Bid, (iii) the date by which funds referred to in sub para (ii) above, shall be transferred to the Public Issue Account, (iv) details of rejected ASBA Bids, if any, along with reasons for rejection and details of withdrawn/unsuccessful ASBA Bids, if any, to enable SCSBs to unblock the respective bank accounts. The SCSBs shall then unblock the relevant bank accounts for, (a) the transfer of the requisite money to the Public Issue Account against each valid ASBA, (b) the withdrawn/rejected/unsuccessful ASBA Bids, (c) the excess amount, if any in the ASBA Account.

However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalisation of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA Bid, as the case may be.

Allotment of Equity Shares

(a) Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date.

(b) As per the SEBI ICDR Regulations, **Equity Shares will be issued, transferred and allotted only in the dematerialised form to the Allottees**. Allottees will have the option to re-materialise the Equity Shares so Allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

General Instructions

Do's:

a. Check if you are eligible to Bid under ASBA process.

b. Ensure that you use the ASBA Bid cum Application Form specified for the purposes of ASBA process.

c. Read all the instructions carefully and complete the ASBA Bid cum Application Form (if the Bid is submitted in physical mode, the prescribed ASBA Bid cum Application Form is white in colour).

d. Ensure that the details of your Depository Participant and beneficiary account are correct and that your beneficiary account is activated, as Equity Shares will be Allotted in dematerialised form only.

e. Ensure that your Bid is submitted at a Designated Branch of a SCSB, with a branch of which the ASBA Bidder or a person whose bank account will be utilized by the ASBA Bidder for bidding has a bank account and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to our Company or Registrar to the Issue or BRLMS.

f. Ensure that the ASBA Bid cum Application Form is signed by the account holder in case the applicant is not the account holder.

g. Ensure that you have mentioned the correct bank account number in the ASBA Bid cum Application Form.

h. Ensure that you have funds equal to the Bid Amount in your bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch of the SCSB.

i. Ensure that you have correctly checked the authorisation box in the ASBA Bid cum Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form in your ASBA Account maintained with a branch of the concerned SCSB.

j. Ensure that you receive an acknowledgement from the Designated Branch of the concerned SCSB for the submission of your ASBA Bid cum Application Form.

k. Except for Bids on behalf of the Central or State Government and the officials appointed by the courts, and Bidders residing in the State of Sikkim, each of the Bidders should mention their Permanent Account Number ("**PAN**") allotted under the I.T. Act.

l. Ensure that the name(s) and PAN(s) given in the ASBA Bid cum Application Form is exactly the same as the name(s) and PAN(s) in which the beneficiary account is held with the Depository Participant. In case the ASBA Bid is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the ASBA Bid cum Application Form.

m. Ensure that the Demographic Details are updated, true and correct, in all respects.

Don'ts:

a. Do not submit an ASBA Bid if you are a QIB.

b. Do not Bid for lower than the minimum Bid size.

c. Do not Bid on another ASBA or non-ASBA Bid cum Application Form after you have submitted a Bid to a Designated Branch of the SCSB.

d. Payment of Bid Amounts in any mode other than blocked amounts in the bank accounts maintained by SCSBs, shall not be accepted under the ASBA process.

e. Do not send your physical ASBA Bid cum Application Form by post; instead submit the same to a Designated Branch of the SCSB only.

f. Do not submit more than five ASBA Bid cum Application Forms per bank account for the Issue.

g. Do not submit the GIR number instead of the PAN.

h. Do not instruct your respective banks to release the funds blocked in the bank account under the ASBA process.

Bids by ASBA Bidders must be:

a. Made only in the prescribed ASBA Bid cum Application Form, which is white in colour if submitted in physical mode, or electronic mode.

b. In single name or in joint names (not more than three and in the same order as their Depository Participant details).

c. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein and in the ASBA Bid cum Application Form.

d. The Bids must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to a maximum of [●] Equity Shares such that the Bid Amount does not exceed the maximum investment limits prescribed under law.

e. 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.

ASBA Bidder's depository account and bank details

ALL ASBA BIDDERS SHALL RECEIVE THE EQUITY SHARES ALLOTTED TO THEM IN DEMATERIALISED FORM. ALL ASBA BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER, BENEFICIARY ACCOUNT NUMBER AND PERMANENT ACCOUNT NUMBER IN THE ASBA BID CUM APPLICATION FORM. ASBA BIDDERS MUST ENSURE THAT THE NAME GIVEN IN THE ASBA BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. ADDITIONALLY, THE PERMANENT ACCOUNT NUMBER IN THE ASBA BID CUM APPLICATION FORM SHOULD BE EXACTLY THE SAME AS PROVIDED TO THE DEPOSITORY ACCOUNT. IN CASE THE ASBA BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE ASBA BID CUM APPLICATION FORM.

ASBA Bidders should note that on the basis of name of the ASBA Bidders, PAN, Depository Participant's name and identification number and beneficiary account number provided by them in the ASBA Bid cum Application Form, the Registrar to the Issue will obtain from the Depository, Demographic Details of the ASBA Bidders including address, ("Demographic Details"). Hence, ASBA Bidders should carefully fill in their Depository Account details in the ASBA Bid cum Application Form.

As these Demographic Details would be used for all correspondence with the ASBA Bidders they are advised to update their Demographic Details as provided to their Depository Participants.

By signing the ASBA Bid cum Application Form, the ASBA Bidder is deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

CAN/Allocation advice and letters intimating unblocking of bank account of the respective ASBA Bidder would be mailed at the address of the ASBA Bidder as per the Demographic Details received from the Depositories. ASBA Bidders may note that delivery of CAN/Allocation advice or letters intimating unblocking of bank account may be delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Note that any such delay shall be at the sole risk of the ASBA Bidders and neither of the Designated Branches of the SCSBs, the members of the Syndicate, our Company, Registrar to the Issue, or the BRLMS shall be liable to compensate the ASBA Bidder for any losses caused to the ASBA Bidder due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, namely, names of the ASBA Bidders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such Bids are liable to be rejected.

ASBA Bidders are required to ensure that the beneficiary account is activated, as Equity Shares will be Allotted in dematerialised form only.

Payment mechanism under ASBA

The ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/rejection of the ASBA Bid or receipt of instructions from the Registrar to the Issue to unblock the Bid Amount.

In the event of withdrawal or rejection of Bid cum Application Form or for unsuccessful Bid cum Application Forms, the Registrar to the Issue shall give instructions to the Controlling Branch of the SCSB to unblock the amount in the relevant bank account. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

ASBA Bids under Power of Attorney

In case of ASBA Bids made pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the ASBA Bid cum Application Form. Failing this, our Company, in consultation with the BRLMSs, reserves the right to reject such ASBA Bids.

Our Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the ASBA Bid cum Application Form, subject to such terms and conditions that we, in consultation with the BRLMSs may deem fit.

OTHER INSTRUCTIONS

Withdrawal of ASBA Bids

In case an ASBA Bidder wants to withdraw the ASBA Bid cum Application Form during the Bid/Issue Period, the ASBA Bidder shall submit the withdrawal request to the SCSB, which shall do the necessary, including deletion of details of the withdrawn ASBA Bid from the electronic bidding system of the Stock Exchanges and unblocking of funds in the relevant bank account.

In case an ASBA Bidder wants to withdraw the ASBA Bid cum Application Form after the Bid/Issue Closing Date, the ASBA Bidder shall submit the withdrawal request to the Registrar to the Issue before finalization of Basis of Allotment. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file. The instruction for and unblocking of funds in the relevant bank account, in such withdrawals, shall be forwarded by the Registrar to the Issue to the SCSB on finalization of the Basis of Allotment.

Joint ASBA Bids

ASBA Bids may be made in single or joint names (not more than three). In case of joint ASBA Bids, all communication will be addressed to the first Bidder and will be dispatched to his address.

Multiple ASBA Bids

An ASBA Bidder should submit only one Bid for the total number of Equity Shares desired. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is one and the same. In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are described under paragraph *"Multiple Bids"* beginning on page 245 of the Draft Red Herring Prospectus.

Permanent Account Number

For details, see *"**Permanent Account Number or PAN**"* beginning on page 245 of the Draft Red Herring Prospectus.

Right to Reject ASBA Bids

The Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds.

Further, in case any DP ID, Client ID or PAN mentioned in the ASBA Bid cum Application Form does not match with one available in the depository's database, such ASBA Bid shall be rejected by the Registrar to the Issue.

GROUNDS FOR TECHNICAL REJECTIONS UNDER THE ASBA PROCESS

In addition to the grounds listed under *"Grounds for Technical Rejection"* beginning on page 245 of the Draft Red Herring Prospectus, applications under the ASBA process are liable to be rejected on, *inter alia*, the following technical grounds:

1. Application on plain paper;
2. Amount mentioned in the ASBA Bid cum Application Form does not tally with the amount payable for the value of Equity Shares Bid for;
3. Submission of more than five ASBA Bid cum Application Form per bank account in the Issue;
4. Age of first Bidder not given;
5. Bids made by QIBs;
6. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors (Except through their natural / legal guardian), insane persons and persons of unsound mind;
7. ASBA Bid cum Application Form not being signed by the bank account holder, if the bank account holder is different from the Bidder;
8. PAN not stated, or GIR number furnished instead of PAN. See *"Permanent Account Number or PAN"* beginning on page 245 of the Draft Red Herring Prospectus;
9. Bids for number of Equity Shares, which are not in multiples of [•];
10. Authorisation for blocking funds in the ASBA Bidder's bank account not ticked or provided;
11. Multiple Bids as defined in the Draft Red Herring Prospectus;
12. In case of Bid under power of attorney, relevant documents are not submitted;
13. ASBA Bids accompanied by money order/postal order/cash/stockinvest;
14. Signature of sole and/or joint Bidders missing in case of ASBA Bid cum Application Forms submitted in physical mode;
15. ASBA Bid cum Application Form does not have the stamp of the SCSB and/or Syndicate Member;
16. ASBA Bid cum Application Form does not have the Bidder's depository account details;
17. ASBA Bid cum Application Form is not delivered, either in physical or electronic form, by the Bidder within the time prescribed and as per the instructions provided in the ASBA Bid cum Application Form and the Draft Red Herring Prospectus;
18. Inadequate funds in the ASBA Account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the ASBA Account; and
19. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the DP ID and the beneficiary account number;

Bidders are advised that ASBA Bids not uploaded in the electronic book of the Stock Exchanges, due to any of the grounds mentioned above, would be rejected.

COMMUNICATIONS

All future communication in connection with ASBA Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First ASBA Bidder, ASBA Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of ASBA Bid cum Application Form, name and address of the Designated Branch of the SCSB where the ASBA Bid was submitted, bank account number in which the amount equivalent to the Bid amount was blocked and a copy of the acknowledgement slip. The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or willful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held. Our Company, the

BRLMS, the Syndicate Members and the Registrar to the Issue accept no responsibility for errors, omissions, commissions or any acts of SCSB's including any defaults in complying with its obligations under applicable SEBI ICDR Regulations.

ASBA Investors can contact the Compliance Officer, the Designated Branch of the SCSB where the ASBA Bid cum Application Form was submitted, or the Registrar to the Issue in case of any pre- or post-Issue related problems such as non-receipt of credit of Allotted Equity Shares in the respective beneficiary accounts, unblocking of excess Bid Amount, etc.

Disposal of Investor Grievances

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked on application, bank account number and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

Impersonation

For details, see *"Impersonation"* beginning on page 245 of the Draft Red Herring Prospectus.

DISPOSAL OF APPLICATIONS AND APPLICATION MONIES AND INTEREST IN CASE OF DELAY IN INSTRUCTIONS TO SCSBs BY THE REGISTRAR TO THE ISSUE

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI ICDR Regulations, we undertake that:

- Allotment and transfer shall be made only in dematerialised form within 15 days from the Bid/Issue Closing Date;
- Instructions for unblocking of the ASBA Bidder's Bank Account shall be made within 15 days from the Bid/Issue Closing Date; and
- We shall pay interest at 15% per annum for any delay beyond the 15 day period mentioned above, if Allotment is not made, instructions for unblocking of ASBA Bidder's Bank Account are not dispatched and/or demat credits are not made to investors within the 15 day period prescribed above.

Basis of Allotment

Bids received from ASBA Bidders will be considered at par with Bids received from non-ASBA Bidders. The Basis of Allotment to such valid ASBA and non-ASBA Bidders will be that applicable to investors of the category in which the Bids have been made. For details, see *"**Basis of Allotment**"* beginning on page 286 of the Draft Red Herring Prospectus.

Method of Proportionate basis of allocation in the Issue

ASBA Bidders who are Resident Individual Bidders (including HUFs) who have Bid for Equity Shares for an amount less than or equal to Rs. 100,000 in any of the Bidding options in the Issue, will be categorised as Retail Individual Bidders. ASBA Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount over Rs. 100,000 will be categorised as Non Institutional Bidders. No preference shall be given vis-à-vis ASBA and non-ASBA Bidders.

Undertaking by our Company

In addition to our undertakings described under *"**Undertakings by our Company**"* beginning on page 245 of the Draft Red Herring Prospectus, with respect to the ASBA Bidders, we undertake that adequate arrangement shall be made to collect all ASBA Bid cum Application Forms and to consider ASBA Bidders similar to other Bidders while finalizing the Basis of Allotment.

Utilisation of Issue Proceeds

Our Board has provided certain certifications with respect to the utilization of Issue Proceeds. For details, refer paragraph titled ***"Utilization of Issue Proceeds"*** beginning on page 245 of the Draft Red Herring Prospectus.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of GoI and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Foreign investment limit is allowed up to 100% under automatic route in our Company.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the Equity Shares to be issued is not less than the price at which the Equity Shares are issued to residents.
Transfers of Equity Shares previously required the prior approval of the FIPB. However, vide a RBI circular dated October 4, 2004 issued by the RBI, the transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (FDI) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Equity Shares are being offered and sold only outside the United States in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. Our Company and the BRLMS are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION X - DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

Title of Article	Article Number and contents
Share Capital	*3. The Authorised Share Capital of the Company is Rs. 90,00,00,000 /- (Rupees Ninety Crores Only) divided into 9,00,00,000 Equity Shares of Rs. 10/- each. The Company may from time to time by Ordinary/Special Resolution, increase it's Authorised Share Capital, by such sum and to be divided into Shares of such amount as may be specified in the resolution.
Increase of capital by the Company how carried into effect	4. The Company may in General Meeting from time to time by Ordinary Resolution increase its capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 97of the Act
New Capital same as existing capital	5. Except so far as otherwise provided by the conditions of issue or by These Presents, any capital raised by the creation of new Shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.
Non Voting Shares	6. The Board shall have the power to issue a part of authorised capital by way of non-voting Shares at price(s) premia, dividends, eligibility, volume, quantum, proportion and other terms and conditions as they deem fit, subject however to provisions of law, rules, regulations, notifications and enforceable guidelines for the time being in force.
Redeemable Preference Shares	7. Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares which are or at the option of the Company, liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.
Voting rights of preference shares	8. The holder of Preference Shares shall have a right to vote only on Resolutions, which directly affect the rights attached to his Preference Shares.
Provisions to apply on issue of Redeemable Preference Shares	9. On the issue of redeemable preference shares under the provisions of Article 7 hereof, the following provisions-shall take effect: (a) No such Shares shall be redeemed except out of profits of which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purpose of the redemption. (b) No such Shares shall be redeemed unless they are fully paid. (c) The premium, if any payable on redemption shall have been provided for out of the profits of the Company or out of the Company's security premium account, before the Shares are redeemed.

Title of Article	Article Number and contents
	(d) Where any such Shares are redeemed otherwise then out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the Shares redeemed, and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company. (e) Subject to the provisions of Section 80 of the Act. The redemption of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit.
Reduction of capital	10. The Company may (subject to the provisions of section 78, 80 and 100 to 105, both inclusive, and other applicable provisions, if any, of the Act) from time to time by Special Resolution reduce (a) the share capital; (b) any capital redemption reserve account; or (c) any security premium account. in any manner for the time being, authorised by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted.
Purchase of own Shares	11. The Company shall have power, subject to and in accordance with all applicable provisions of the Act, to purchase any of its own fully paid Shares whether or not they are redeemable and may make a payment out of capital in respect of such purchase.
Sub-division consolidation and cancellation of Shares	12. Subject to the provisions of Section 94 and other applicable provisions of the Act, the Company in General Meeting may, from time to time, sub-divide or consolidate its Shares, or any of them and the resolution whereby any Share is sub-divided may determine that, as between the holders of the Shares resulting from such sub-divisions, one or more of such Shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the other(s). Subject as aforesaid, the Company in General Meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.

MODIFICATION OF RIGHTS

Title of Article	Article Number and contents
Modification of rights	13. Whenever the capital, by reason of the issue of preference shares or otherwise, is divided into different classes of Shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, be modified, commuted, affected, abrogated, dealt with or varied with the consent in writing of the holders of not less than three-fourth of the issued capital of that class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of Shares of that class, and all the provisions hereafter contained as to General Meeting shall *mutatis mutandis* apply to every such Meeting. This Article is not to derogate from any power the Company would have if this Article was

	omitted. The rights conferred upon the holders of the Shares (including preference shares, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of Shares of that class, be deemed not to be modified, commuted, affected, dealt with or varied by the creation or issue of further Shares ranking *pari passu* therewith.

SHARES, CERTIFICATES AND DEMATERIALISATION

Title of Article	Article Number and contents
Restriction on allotment and return of allotment	14. The Board of Directors shall observe the restrictions on allotment of Shares to the public contained in Sections 69 and 70 of the Act, and shall cause to be made the returns as to allotment provided for in Section 75 of the Act.
Further issue of shares	15. (1) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of Shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further Shares then: (a) Such further Shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid-up on those Shares at that date; (b) The offer aforesaid shall be made by a notice specifying the number of Shares offered and limiting a time not being less than fifteen days from the date of the offer and the offer, if not accepted, will be deemed to have been declined; (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (b) shall contain a statement of this right; (d) After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the Shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the Company. (2) Notwithstanding anything contained in sub-clause (1), the further Shares aforesaid may be offered to any person(s) (whether or not those persons include the persons referred to in clause (a) sub-clause (1) hereof) in any manner whatsoever. (a) If a Special Resolution to that effect is passed by the Company in General Meeting; or (b) Where no such Special Resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that General Meeting (including the casting vote, if any, of the Chairman) by Members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by Members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company. (3) Nothing in sub-clause (c) of (l) hereof shall be deemed;

Title of Article	Article Number and contents
	(a) To extend the time within which the offer should be accepted; or (b) To authorise any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the Shares comprised in the renunciation. (4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debentures issued by the Company: (i) To convert such debentures or loans into Shares in the Company; or (ii) To subscribe for 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 the debentures or the raising of the loans or is in conformity with the Rules, if any, made by that government in this behalf; and (b) In the case of debentures or loans or other than debentures issued to, or loans obtained from government or any institution specified by the Central Government in this behalf, has also been approved by a Special Resolution passed by the Company in the General Meeting before the issue of the loans.
Shares at the disposal of the Directors	16. Subject to the provisions of Section 81 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 Directors 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 (subject to the compliance with the provision of Section 79 of the Act) at a discount 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 Directors think fit, and may issue and allot Shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up Shares and if so issued, shall be deemed to be fully paid Shares. Provided that option or right to call for Shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.
Power to offer Shares/options to acquire Shares	16A (i) Without prejudice to the generality of the powers of the Board under Article 16 or in any other Article of these Articles, the Board or any Committee thereof duly constituted may, subject to the applicable provisions of the Act, rules notified thereunder and any other applicable laws, rules and regulations, at any point of time, offer existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) to its employees, including Directors (whether whole-time or not), whether at par, at discount or at a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force. (ii) In addition to the powers of the Board under Article 16A(i), the Board may also allot the Shares referred to in Article 16A(i) to any trust, whose principal objects would inter alia include further transferring such

Title of Article	Article Number and contents
	Shares to the Company's employees [including by way of options, as referred to in Article 16A(i)] in accordance with the directions of the Board or any Committee thereof duly constituted for this purpose. The Board may make such provision of moneys for the purposes of such trust, as it deems fit. (iii) The Board, or any Committee thereof duly authorised for this purpose, may do all such acts, deeds, things, etc. as may be necessary or expedient for the purposes of achieving the objectives set out in Articles 16A(i) and (ii) above.
Application of premium received on Shares	17. (1) where the Company issues Shares at a premium whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on these Shares shall be transferred to an account, to be called "the security premium account" and the provisions of the Act relating to the reduction of the share capital of the Company shall except as provided in this Article, apply as if the security premium account were paid up share capital of the Company. (2) The security premium account may, notwithstanding anything in clause (I) thereof be applied by the Company: (a) In paying up unissued Shares of the Company, to be issued to the Members of the Company as fully paid bonus; (b) In writing off the preliminary expenses of the Company; (c) In writing off the expenses of or the commission paid or discount allowed or any issue of Shares or debentures of the Company ; or (d) In providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.
Power also to Company in General Meeting to issue Shares	18. In addition to and without derogating from the powers for that purpose conferred on the Board under these Articles, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any Shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether Members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount as such General Meeting shall determine and with full power to give any person (whether a Member or not) the option or right to call for or buy allotted Shares of any class of the Company either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment, or disposal of any Shares.
Power of General Meeting to authorize Board to offer Shares/Options to employees	18A Without prejudice to the generality of the powers of the General Meeting under Article 18 or in any other Article of these Articles, the General Meeting may, subject to the applicable provisions of the Act, rules notified thereunder and any other applicable laws, rules and regulations, determine, or give the right to the Board or any Committee thereof to determine, that any existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) be allotted/granted to its employees, including Directors

Title of Article	Article Number and contents
	(whether whole-time or not), whether at par, at discount or a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force. The General Meeting may also approve any Scheme/Plan/ other writing, as may be set out before it, for the aforesaid purpose In addition to the powers contained in Article 18A(i), the General Meeting may authorise the Board or any Committee thereof to exercise all such powers and do all such things as may be necessary or expedient to achieve the objectives of any Scheme/Plan/other writing approved under the aforesaid Article.
Shares at a discount	19. The Company may issue at a discount Shares in the Company of a class already issued, if the following conditions are fulfilled, namely: (a) The issue of the Shares at discount is authorised by resolution passed by the Company in the General Meeting and sanctioned by the Company Law Board; (b) The resolution specifies the maximum rate of discount (not exceeding ten percent or such higher percentage as the Company Law Board may permit in any special case) at which the Shares are to be issued; and (c) The Shares to be issued at a discount are issued within two months after the date in which the issue is sanctioned by the Company Law Board or within such extended time as the Company Law Board may allow.
Installments of Shares to be duly paid	20. If by the conditions of any allotment of any Shares the whole or any part of the amount or issued price thereof shall, be payable by installments, every such installment shall when due, be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the Shares or his legal representatives, and shall for the purposes of these Articles be deemed to be payable on the date fixed for payment and in case of non-payment the provisions of these Articles as to payment of interest and expenses forfeiture and like and all the other relevant provisions of the Articles shall apply as if such installments were a call duly made notified as hereby provided.
The Board may issue Shares as fully paid-up	21. Subject to the provisions of the Act and these Articles, the Board may allot and issue Shares in the Capital of the Company as payment for any property purchased or acquired or for services rendered to the Company in the conduct of its business or in satisfaction of any other lawful consideration. Shares which may be so issued may be issued as fully paid-up or partly paid up Shares.
Acceptance of Shares	22. Any application signed by or on behalf of an applicant for Share(s) in the Company, followed by an allotment of any Share therein, shall be an acceptance of Share(s) within the meaning of these Articles, and every person who thus or otherwise accepts any Shares and whose name is therefore placed on the Register of Members shall for the purpose of this Article, be a Member.
Deposit and call etc., to be debt payable	23. The money, if any which the Board of Directors shall on the allotment of any Shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any Shares allotted by them shall immediately on the inscription of the name of the allottee in the Register of Members as the holder of such Shares, become a debt due to and recoverable by the Company from the allottee thereof,

Title of Article	Article Number and contents
	and shall be paid by him accordingly.
Liability of Members	24. Every Member, or his heirs, executors or administrators to the extent of his assets which come to their hands, shall be liable to pay to the Company the portion of the capital represented by his Share which may, for the time being, remain unpaid thereon in such amounts at such time or times and in such manner as the Board of Directors shall, from time to time, in accordance with the Company's requirements require or fix for the payment thereof.
Dematerialisation of securities	25.(A) Definitions **Beneficial Owner** "Beneficial Owner" means a person whose name is recorded as such with a Depository. **SEBI** "SEBI" means the Securities and Exchange Board of India. **Bye-Laws** "Bye-Laws" mean bye-laws made by a depository under Section 26 of the Depositories Act, 1996; **Depositories Act** "Depositories Act" means the Depositories Act, 1996 including any statutory modifications or re-enactment thereof for the time being in force; **Depository** "Depository" means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992; **Record** "Record" includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations made by SEBI; **Regulations** "Regulations" mean the regulations made by SEBI; **Security** "Security" means such security as may be specified by SEBI.
Dematerialisation of securities	25.(B) Either on the Company or on the investor exercising an option to hold his securities with a depository in a dematerialised form, the Company shall enter into an agreement with the depository to enable the investor to dematerialise the Securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act.
Options to receive security certificates or hold securities with depository	25.(C) Every person subscribing to securities offered by the Company shall have the option to receive the Security certificates or hold securities with a depository. Where a person opts to hold a Security with a depository, the Company shall intimate such depository the details of allotment of the Security, and on receipt of such information the depository shall enter in its record the name of the allotted as the Beneficial Owner of that Security.
Securities in depositories to be in fungible form	25.(D) All Securities held by a Depository shall be dematerialised and shall be in a fungible form; nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.
Rights of depositories and beneficial owners	25.(E) (1) Notwithstanding anything to the contrary contained in the Articles, a Depository shall be deemed to be a registered owner for the purposes of effecting transfer of ownership of Security on behalf of the Beneficial Owner;

Title of Article	Article Number and contents
	(2) Save as otherwise provided in (1) above, the Depository as a registered owner shall not have any voting rights or any other rights in respect of Securities held by it; (3) Every person holding equity share capital of the Company and whose name is entered as Beneficial Owner in the Records of the Depository shall be deemed to be a Member of the Company. The Beneficial Owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the Securities held by a Depository.
Depository To Furnish Information	25.(F) Every Depository shall furnish to the Company information about the transfer of Securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.
Service of documents	25.(G) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronics mode or by delivery of floppies or discs.
Option to opt out in respect of any security	25.(H) If a Beneficial Owner seeks to opt out of a Depository in respect of any Security, the Beneficial Owner shall inform the Depository accordingly. The Depository shall on receipt of information as above make appropriate entries in its Records and shall inform the Company. The Company shall, within thirty (30) days of the receipt of intimation from the depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.
Sections 83 and 108 of the Act not to apply	25.(I) Notwithstanding anything to the contrary contained in the Articles, (1) Section 83 of the Act shall not apply to the Shares held with a Depository; (2) Section 108 of the Act shall not apply to transfer of Security effected by the transferor and the transferee both of whom are entered as Beneficial Owners in the Records of a Depository.
Share certificate	26. (a)Every Member or allotee of Shares is entitled, without payment, to receive one certificate for all the Shares of the same class registered in his name. (b) Any two or more joint allottees or holders of Shares shall, for the purpose of this Article, be treated as a single Member and the certificate of any Share which may be the subject of joint ownership may be delivered to any one of such joint owners, on behalf of all of them.
Limitation of time for issue of certificates	26A. Every Member shall be entitled, without payment to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors so time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its Shares as the case may be. Every certificate of Shares shall be under the seal of the company and shall specify the number and distinctive numbers of Shares in respect of which it is

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	issued and amount paid-up thereon and shall be in such form as the directors may prescribe and approve, provided that in respect of a Share or Shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of Shares to one or several joint holders shall be a sufficient delivery to all such holder.
Renewal of share certificates	27. No certificate of any Share or Shares shall be issued either in exchange for those, which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out, or where the pages on the reverse for recording transfer have been duly utilised unless the certificate in lieu of which it is issued is surrendered to the Company. PROVIDED THAT no fee shall be charged for issue of new certificate in replacement of those which are old, decrepit or worn out or where the pages on the reverse for recording transfer have been fully utilized.
Issue of new certificate in place of one defaced, lost or destroyed	28. **If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every certificate under the article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new Certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.** Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulations or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable thereof in this behalf. The provision of this Article shall *mutatis mutandis* apply to Debentures of the Company.
The first name joint holder deemed sole holder	29. If any Share(s) stands in the name of two or more persons, the person first named in the Register of Members shall, as regards receipt of dividends or bonus or service of notice and all or any other matters connected with Company except voting at Meetings and the transfer of the Shares be deemed the sole holder thereof but the joint holders of a Share shall severally as well as jointly be liable for the payment of all incidents thereof according to the Company's Articles.
Issue of Shares without Voting Rights	30. In the event it is permitted by law to issue shares without voting rights attached to them, the Directors may issue such share upon such terms and conditions and with such rights and privileges annexed thereto as thought fit and as may be permitted by law.
Buy-Back of Shares and Securities	31. Notwithstanding anything contained in these articles, in the event it is permitted by law for a company to purchase its own shares or securities, the Board of Directors may, when and if thought fit, buy back, such of the Company's own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions, and subject to such approvals, provision of section 77 and SEBI (Buy back of Shares) Regulations as may be permitted

Title of Article	Article Number and contents
	by law.
Employees Stock Options Scheme/ Plan	32. The Directors shall have the power to offer , issue and allot Equity Shares in or Debentures (Whether fully/ partly convertible or not into Equity Shares) of the Company with or without Equity Warrants to such of the Officers, Employees, Workers of the Company or of its Subsidiary and / or Associate Companies or Managing and Whole Time Directors of the Company (hereinafter in this Article collectively referred to as "the Employees") as may be selected by them or by the trustees of such trust as may be set up for the benefit of the Employees in accordance with the terms and conditions of the Scheme, trust, plan or proposal that may be formulated , created, instituted or set up by the Board of Directors or the Committee thereof in that behalf on such terms and conditions as the Board may in its discretion deem fit.
Sweat Equity	33. Subject to the provisions of the Act (including any statutory modification or re-enactment thereof, for the time being in force), shares of the Company may be issued at a discount or for consideration other than cash to Directors or employees who provide know-how to the Company or create an intellectual property right or other value addition.
Postal Ballot	34. The Company may pass such resolution by postal ballot in the manner prescribed by Section 192A of the Act and such other applicable provisions of the Act and any future amendments or re-enactment thereof. Notwithstanding anything contained in the provisions of the Act, the Company shall in the case of a resolution relating to such business, as the Central Government may, by notification, declare to be conducted only by postal ballot, get such resolution passed by means of postal ballot instead of transacting such business in a general meeting of the Company.
Company not bound to recognize any interest in Shares other than of registered holder	35. Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise, even when having notice thereof any equitable, contingent, future or partial interest in any Share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as holder thereof but the Board shall be at liberty at their sole discretion to register any Share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them.
Trust recognised	36. (a) Except as ordered, by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise, even when having notice thereof, any equitable, contingent, future or partial interest in any Share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as holder thereof but the Board shall be at liberty at their sole discretion to register any Share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them. (b) Shares may be registered in the name of an incorporated Company or other body corporate but not in the name of a minor or of a person of unsound mind (except in case where they are fully paid) or in the name of any firm or partnership.

Title of Article	Article Number and contents
Declaration by person not holding beneficial interest in any Shares	37. (1) Notwithstanding anything herein contained a person whose name is at any time entered in Register of Member of the Company as the holder of a Share in the Company, but who does not hold the beneficial interest in such Shares, shall, if so required by the Act within such time and in such forms as may be prescribed, make declaration to the Company specifying the name and other particulars of the person or persons who hold the beneficial interest in such Share in the manner provided in the Act. (2) A person who holds a beneficial interest in a Share or a class of Shares of the Company, shall if so required by the Act, within the time prescribed, after his becoming such beneficial owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the Shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in the Act. (3) Whenever there is a change in the beneficial interest in a Share referred to above, the beneficial owner shall, of so required by the Act, within the time prescribed, from the date of such change, make a declaration to the Company in such form and containing such particulars as may be prescribed in the Act. (4) Not withstanding anything contained in the Act and Articles 35 and 36 hereof, where any declaration referred to above is made to the Company, the Company shall, if so required by the Act, make a note of such declaration in the Register of Members and file within the time prescribed from the date of receipt of the declaration a return in the prescribed form with the Registrar with regard to such declaration.
Funds of Company not to be applied in purchase of Shares of the Company	38. No funds of the Company shall except as provided by Section 77 of the Act, be employed in the purchase of its own Shares, unless the consequent reduction of capital is effected and sanction in pursuance of Sections 78, 80 and 100 to 105 of the Act and these Articles or in giving either directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any Share in the Company in its holding Company.

UNDERWRITING AND BROKERAGE

Title of Article	Article Number and contents
Commission may be paid	39. Subject to the provisions of Section 76 of the Act, the Company may at anytime pay commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any Shares in or debentures of the Company but so that the commission shall not exceed in the case of the Shares five percent of the price at which the Shares are issued and in the case of debentures two and half percent of the price at which the debenture are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid Shares or debentures as the case may be or partly in one way and partly in the other.
Brokerage	40. The Company may on any issue of Shares or Debentures or on deposits pay such brokerage as may be reasonable and lawful.
Commission to be included in the	41. Where the Company has paid any sum by way of commission in respect of any Shares or Debentures or allowed any sums by

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annual return	way of discount in respect to any Shares or Debentures, such statement thereof shall be made in the annual return as required by Part I of Schedule V to the Act.

INTEREST OUT OF CAPITAL

Title of Article	Article Number and contents
Interest out of capital	42. Where any Shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provisions of any plant which cannot be made profitable for lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid-up, for the period at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building or the provisions of the plant.

DEBENTURES

Title of Article	Article Number and contents
Debentures with voting rights not to be issued	43. (a) The Company shall not issue any debentures carrying voting rights at any Meeting of the Company whether generally or in respect of particular classes of business. (b) The Company shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act. (c) Payments of certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with the provisions of Section 123 of the Act. (d) Certain charges (which expression includes mortgage) mentioned in Section 125 of the Act, shall be void against the Liquidator or creditor unless registered as provided in Section 125 of the Act. (e) A contract with the Company to take up and pay debentures of the Company may be enforced by a decree for specific performance. (f) Unless the conditions of issue thereof otherwise provide, the Company shall (subject to the provisions of Section 113 of the Act) within three months after the allotment of its debentures or debenture-stock and within one month after the application for the registration of the transfer of any such debentures or debentures-stock have completed and ready for delivery the certificate of all debenture-stock allotted or transferred. (g) The Company shall comply with the provisions of Section 118 of the Act, as regards supply of copies of debenture Trust Deed and inspection thereof. (h) The Company shall comply with the provisions of Section 124 to 145 (inclusive) of the Act as regards registration of charges.

CALLS

Title of Article	Article Number and contents
Directors may make calls	44. (a) Subject to the provisions of Section 91 of the Act, the Board of Directors may from time to time by a resolution passed at a meeting of a Board (and not by a circular resolution)make such calls as it thinks fit upon the Members in respect of all moneys unpaid on the Shares or by way of premium, held by them respectively and not by conditions of allotment thereof made payable at fixed time and each Member shall pay the amount of every call so made on him to person or persons and at the times and places appointed by the Board of Directors. A call may be made payable by installments. A call may be postponed or revoked as the Board may determine. No call shall be made payable within less than one month from the date fixed for the payment of the last preceding call. (b) The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.
Notice of call when to be given	45. Not less than **fourteen days** notice in writing of any call shall be given by the Company specifying the time and place of payment and the person or persons to whom such call shall be paid.
Call deemed to have been made	46. A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board of Directors and may be made payable by the Members of such date or at the discretion of the Directors on such subsequent date as shall be fixed by the Board of Directors.
Directors may extend time	47. The Board of Directors may, from time to time at its discretion, extend the time fixed for the payment of any call and may extended such time to call or any of the Members, the Board of Directors may deem fairly entitled to such extension but no Member shall be entitled to such extension as of right except as a matter of grace and favour.
Amount payable at fixed time or by installments to be treated as calls	48. If by the terms of issue of any Share or otherwise any amount is made payable at any fixed time or by installments at fixed time (whether on account of the amount of the Share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or installment accordingly.
When interest on call or installment payable	49. If the sum payable in respect of any call or installment is not paid on or before the day appointed for the payment thereof, the holder for the time being or allottee of the Share in respect of which the call shall have been made or the installment shall be due, shall pay interest on the same at such rate not exceeding eighteen percent per annum as Directors shall fix from the day appointed for the payment thereof upto the time of actual payment but the Directors may waive payment of such interest wholly or in part.
Evidence in action by Company against share holder	50. On the trial of hearing of any action or suit brought by the Company against any Member or his Legal Representatives for the recovery of any money claimed to be due to the Company in respect of his Shares, it shall be sufficient to prove that the name of the Member in respect of whose Shares the money is sought to be recovered is entered on the Register of Members as the holder or as one of the holders at or subsequent to the date at which the money sought to be recovered is alleged to have become due on the Shares in respect of which the money is sought to be recovered, that the resolution making the call is duly recorded in the minute book and the notice of such call was duly given to the Member or his

Title of Article	Article Number and contents
	legal representatives sued in pursuance of these Articles and it shall not be necessary to prove the appointment of Directors who made such call, nor that a quorum of Directors was present at the Board meeting at which any call was made nor that the meeting at which any call was made was duly convened or constituted nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.
Payment in anticipation of calls may carry interest	51. **The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any Member willing to advance the same 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 Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.** The 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.

LIEN

Title of Article	Article Number and contents
Partial payment not to preclude forfeiture	52. Neither the receipt by the Company of a portion of any money which shall, from time to time be due from any Member to the Company in respect of his Shares, either by way of principal or interest, or any indulgence granted by the Company in respect of the payment of such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such Shares as hereinafter provided.
Company's lien on Shares/ Debentures	53. The Company shall have first and paramount lien upon all Shares/ Debentures (other than fully paid up Shares/ Debentures) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such Shares/ Debentures and no equitable interest in any Share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares/ Debentures; Unless otherwise agreed the registration of a transfer of Shares/ Debentures shall operate as a waiver of the Company's lien if any, on such Shares/Debentures. The Directors may at any time declare any Shares/ Debentures wholly or in part exempt from the provisions of this Article.
As to enforcing lien by sale	54. The Company may sell, in such manner as the Board thinks fit, any Shares on which the Company has lien for the purpose of enforcing the same 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 daysafter 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 the person entitled thereto by

Title of Article	Article Number and contents
	reason of his death or insolvency. For the purpose of such sale the Board may cause to be issued a duplicate certificate in respect of such Shares and may authorise one of their members to execute a transfer there from behalf of and in the name of such Members (c) The purchaser shall not be bound to see the application of the purchase money, nor shall his title to the Shares be affected by any irregularity, or invalidity in the proceedings in reference to the sale.
Application of proceeds of sale	55. (a) The net proceeds of any such sale shall be received by the Company and applied in or towards satisfaction of such part of the amount in respect of which the lien exists as is presently payable, and (b) The residue if any, after adjusting costs and expenses if any incurred shall be paid to the person entitled to the Shares at the date of the sale (subject to a like lien for sums not presently payable as existed on the Shares before the sale).

FORFEITURE OF SHARES

Title of Article	Article Number and contents
If money payable on Shares not paid notice to be given	56. If any Member fails to pay the whole or any part of any call or any installments of a call on or before the day appointed for the payment of the same or any such extension thereof, the Board of Directors may, at any time thereafter, during such time as the call for installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
Sum payable on allotment to be deemed a call	57. For the purposes of the provisions of these Articles relating to forfeiture of Shares, the sum payable upon allotment in respect of a share shall be deemed to be a call payable upon such Share on the day of allotment.
Form of notice	58. The notice shall name a day, (not being less than fourteen daysform the day of the notice) and a place or places on and at which such call in installment and such interest thereon at such rate not exceeding eighteen percent per annum as the Directors may determine and expenses as aforesaid are to be paid. The notice shall also state that in the event of the non-payment at or before the time and at the place appointed, Shares in respect of which the call was made or installment is payable will be liable to be forfeited.
In default of payment Shares to be forfeited	59. If the requirements of any such notice as aforesaid are not complied with, any Share or Shares in respect of which such notice has been given may at any time thereafter before payment of all calls or installments, interests and expenses due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect. 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.
Notice of forfeiture to a Member	60. When any Share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.
Forfeited Shares to be the property	61. Any Share so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of, either to

Title of Article	Article Number and contents
of the Company and may be sold etc.	the original holder or to any other person, upon such terms and in such manner as the Board of Directors shall think fit.
Member still liable for money owning at the time of forfeiture and interest	62. Any Member whose Shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses owing upon or in respect of such Shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding eighteen percent per annum as the Board of Directors may determine and the Board of Directors may enforce the payment of such moneys or any part thereof, if it thinks fit, but shall not be under any obligation to do so.
Effects of forfeiture	63. The forfeiture of a Share shall involve the extinction at the time of the forfeiture, of all interest in and all claims and demand against the Company in respect of the Share and all other rights incidental to the Share, except only such of those rights as by these Articles are expressly saved.
Power to annul forfeiture	64. The Board of Directors may at any time before any Share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.
Declaration of forfeiture	65 (a) A duly verified declaration in writing that the declarant is a Director, the Managing Director or the Manager or the Secretary of the Company, and that Share in the Company has been duly forfeited in accordance with these Articles, on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share. (b) The Company may receive the consideration, if any, given for the Share on any sale, re-allotment or other disposal thereof and may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed off. (c) The person to whom such Share is sold, re-allotted or disposed of shall thereupon be registered as the holder of the Share. (d) Any such purchaser or allotee shall not (unless by express agreement) be liable to pay calls, amounts, installments, interests and expenses owing to the Company prior to such purchase or allotment nor shall be entitled (unless by express agreement) to any of the dividends, interests or bonuses accrued or which might have accrued upon the Share before the time of completing such purchase or before such allotment. (e) Such purchaser or allottee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be effected by the irregularity or invalidity in the proceedings in reference to the forfeiture, sale re-allotment or other disposal of the Shares.
Provisions of these articles as to forfeiture to apply in case of nonpayment of any sum.	66. 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 Share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
Cancellation of shares certificates in respect of	67. Upon sale, re-allotment or other disposal under the provisions of these Articles, the certificate or certificates originally issued in respect of the said Shares shall (unless the same shall on demand by the Company

Title of Article	Article Number and contents
forfeited Shares	have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and of no effect and the Directors shall be entitled to issue a new certificate or certificates in respect of the said Shares to the person or persons entitled thereto.
Evidence of forfeiture	68. The declaration as mentioned in Article 65(a) of these Articles shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.
Validity of sale	69. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold, and the purchasers shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
Surrender of Shares	70. The Directors may subject to the provisions of the Act, accept a surrender or any share from any Member desirous of surrendering on such terms and conditions as they think fit.

TRANSFER AND TRANSMISSION OF SHARES

Title of Article	Article Number and contents
No transfers to minors etc.	71. No Share which is partly paid-up or on which any sum of money is due shall in any circumstances be transferred to any minor, insolvent or person of unsound mind.
Instrument of transfer	72. The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.
Application for transfer	73. (a) An application for registration of a transfer of the Shares in the Company may be either by the transferor or the transferee. (b) Where the application is made by the transferor and relates to partly paid Shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice (c) For the purposes of clause (b) above notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address, given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.
Execution of transfer	74. The instrument of transfer of any Share shall be duly stamped and executed by or on behalf of both the transferor and the transferee and shall be witnessed. The transferor shall be deemed to remain the holder of such Share until the name of the transferee shall have been entered in the Register of Members in respect thereof. The requirements of provisions of Section 108 of the Companies Act, 1956 and any statutory modification thereof for the time being shall be duly complied with.
Transfer by legal representatives	75. A transfer of Share in the Company of a deceased Member thereof made by his legal representative shall, although the legal representative is

Title of Article	Article Number and contents
	not himself a Member be as valid as if he had been a Member at the time of the execution of the instrument of transfer.
Register of Members etc when closed	76. The Board of Directors shall have power on giving not less than seven days pervious notice by advertisement in some newspaper circulating in the district in which the registered office of the Company is situated to close the Register of Members and/or the Register of debentures holders at such time or times and for such period or periods, not exceeding thirty days at a time, and not exceeding in the aggregate forty five days at a time, and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board.
Directors may refuse to register transfer	77. Subject to the provisions of Section 111A, 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 Member in or Debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused person or persons indebted to the Company on any account whatsoever except where the Company has a lien on Shares.
Death of one or more joint holders of Shares	78. In case of the death of any one or more of the persons named in the Register of Members as the joint holders of any Share, the survivor or survivors shall be the only persons recognised by the Company as having any title or interest in such Share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on Shares held by him with any other person.
Titles of Shares of deceased Member	79. The Executors or Administrators of a deceased Member or holders of a Succession Certificate or the Legal Representatives in respect of the Shares of a deceased Member (not being one of two or more joint holders) shall be the only persons recognized by the Company as having any title to the Shares registered in the name of such Members, and the Company shall not be bound to recognize such Executors or Administrators or holders of Succession Certificate or the Legal Representative unless such Executors or Administrators or Legal Representative shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its absolute discretion thinks it, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or Letters of Administration or Succession Certificate and register Shares standing in the name of a deceased Member, as a Member. However, provisions of this Article are subject to Sections 109A and 109B of the Companies Act.
Notice of application when to be given	80. Where, in case of partly paid Shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.
Registration of persons entitled to Shares otherwise than by transfer (Transmission Clause)	81. Subject to the provisions of the Act and Article 78 hereto, any person becoming entitled to Share in consequence of the death, lunacy, bankruptcy insolvency of any Member or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under

Title of Article	Article Number and contents
	this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the Share or elect to have some person nominated by him and approved by the Board registered as such holder; provided nevertheless, that if such person shall elect to have his nominee registered as a holder, he shall execute an instrument of transfer in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability in respect of the Shares. This clause is hereinafter referred to as the "Transmission Clause".
Refusal to register nominee	82. Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any Share of his nominee as if he were the transferee named in an ordinary transfer presented for registration.
Person entitled may receive dividend without being registered as a Member	83. A person entitled to a Share by transmission shall subject to the right of the Directors to retain dividends or money as is herein provided, be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the Share.
No fee on transfer or transmissions	84. No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate & Letters of Administration, Certificate of Death or Marriage, Power of Attorney or other similar document.
Transfer to be presented with evidence of title	85. Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board may require to prove the title of the transferor, his right to transfer the Shares and generally under and subject to such conditions and regulations as the Board may, from time to time prescribe, and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.
Company not liable for disregard of a notice prohibiting registration of transfer	86. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of Shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said Shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any book of the Company, and the Company shall not be bound to be required to regard or attend to give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

SHARE WARRANTS

Title of Article	Article Number and contents
Power to issue share warrants	87. The Company may issue warrants subject to and in accordance with provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion with respect to any Share which is fully paid upon application in writing signed by the persons registered as holder of the Share, and authenticated by such evidence(if any) as the Board may, from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.
	88.

Title of Article	Article Number and contents
Deposit of share warrants	(a) The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for call in a meeting of the Company, and of attending and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposit warrant (b) Not more than one person shall be recognized as depositor of the Share warrant (c) The Company shall, on two day's written notice, return the deposited share warrant to the depositor
Privileges and disabilities of the holders of share warrant	89. (a) Subject as herein otherwise expressly provided, no person, being a bearer of a share warrant, shall sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notice from the Company. (b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the Share included in the warrant, and he shall be a Member of the Company.
Issue of new share warrant coupons	90. The Board may, from time to time, make bye-laws as to terms on which (if it shall think fit), a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

Title of Article	Article Number and contents
Share may be converted into stock	91. The Company may, by Ordinary Resolution: Convert any fully paid up Share into stock, and reconvert any stock into fully paid-up Shares.
Transfer of stock	92. The several holders of such stock may transfer there respective interest therein or any part thereof in the same manner and subject to the same regulations under which the stock arose might before the conversion, have been transferred, or as near thereto as circumstances admit. PROVIDED THAT the Board may, form 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 stock arose.
Right of stock holders	93. The holders of stock shall, according to the amount of stock held by them, have the same right, privileges and advantages as regards dividends, voting at meeting of the Company, and other matters, as if they held them 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 those privileges or advantages.
Regulation	94. Such of the regulations of the Company as are applicable to the

Title of Article	Article Number and contents
applicable to stock and share warrant	paid up Shares shall apply to stock and the words "Share" and "Share holder" in these regulations shall include "stock" and "stock holder" respectively.

BORROWING POWERS

Title of Article	Article Number and contents
Power to borrow	95. Subject to the provisions of Sections 58A, 292 and 370 of the Act and these Articles, the Board of Directors may, from time to time at its discretion by a resolution passed at a meeting of the Board, borrow, accept deposits from Members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any such sum or sums of money for the purposes of the Company from any source. PROVIDED THAT, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such money without the sanction of the Company in General Meeting. No debts incurred by the Company in excess of the limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.
The payment or repayment of moneys borrowed	96. The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board of Directors may think fit, and in particular in pursuance of a resolution passed at a meeting of the Board (and not by circular resolution) by the issue of bonds, debentures or debentures stock of the Company, charged upon all or any part of the property of the Company, (both present and future), including its un-called capital for the time being and the debentures and the debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
Bonds, Debentures, etc. to be subject to control of Directors	97. Any bonds, debentures, debenture-stock or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and condition and in such manner and for such consideration as they shall consider to be for the benefit of the Company.
Terms of issue of Debentures	98. Any Debentures, Debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into Shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of Shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise; However, Debentures with the right to conversion into or allotment of Shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.
Mortgage of uncalled capital	99. If any uncalled capital of the Company is included in or charged by mortgage or other security, the Directors may, subject to the provisions of the Act and these Articles, make calls on the Members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security has been executed.

MEETING OF MEMBERS

Title of Article	Article Number and contents
Statutory meeting	100. The statutory meeting shall be held in accordance with the provisions of Section 165 of the Act within a period of not less than one month and not more than six months from the date on which the Company shall be entitled to commence business.
Annual General Meeting	101. The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other Meeting in that year. All General Meetings other than Annual General Meetings shall be called Extra-ordinary General Meetings. An Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall lapse between the date of one Annual General Meeting and that of next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Register under the provisions of Section 166 (1) of the Act to extend the time with which any Annual General Meeting may be held. Every Annual General Meeting shall be called at a time during business hours, on a day that is not a public holiday, and shall be held at the office of the Company or at some other place within the city in which the Registered Office of the Company is situated as the Board may determine and the notices calling the Meeting shall specify as the Annual General Meeting. Then company may in any one Annual General Meeting fix the time for its subsequent Annual General Meeting. Every Member of the Company shall be entitled to attend, either in person or by proxy and the Auditors of the Company, shall have the right to attend and be heard at any General Meeting which he attends on any part of the business which concerns him as an Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Director's Report and audited statement of accounts, the Proxy Register with proxies and the Register of Director's Shareholding, which Registers shall remain open and accessible during the continuance of the Meeting. The Board shall cause to be prepared the annual list of Members, summary of share capital, balance sheet and profit and loss account and forward the same to the Registrar in accordance with Sections 159, 161 and 220 of the Act.
Report statement and registers to be laid before the Annual General Meeting	102. The Company shall in every Annual General Meeting in addition to any other Report or Statement lay on the table the Director's Report and audited statement of accounts, Auditor's Report (if not already incorporated in the audited statement of accounts), the Proxy Register with proxies and the Register of Director's Shareholdings, which Registers shall remain open and accessible during the continuance of the Meeting.
Extra-Ordinary General Meeting	103. All General Meeting other than Annual General Meeting shall be called Extra-Ordinary General Meeting.
Requisitionists' meeting	104. (1) Subject to the provisions of Section 188 of the Act, the Directors shall on the requisition in writing of such number of Members as is hereinafter specified and (unless the General Meeting otherwise resolves) at the expense of the requisitionists: (a) Give to the Members of the Company entitled to receive notice of the next Annual General Meeting, notice of any resolution which may properly be moved and is intended to be moved at that meeting. (b) Circulate to the Members entitled to have notice of any General Meeting sent to them, any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or any business to be dealt with at that Meeting. (2) The number of Members necessary for a requisition under clause (1) hereof shall be:-

Title of Article	Article Number and contents
	(a) Such number of Members as represent not less than one-twentieth of the total voting power of all the Members having at the date of the resolution a right to vote on the resolution or business to which the requisition relates; or (b) not less than one hundred Members having the rights aforesaid and holding Shares in the Company on which there has been paid up an aggregate sum of not less than Rupees one lac in all. (3) Notice of any such resolution shall be given and any such statement shall be circulated, to Members of the Company entitled to have notice of the Meeting sent to them by serving a copy of the resolution or statement to each Member in any manner permitted by the Act for service of notice of the Meeting and notice of any such resolution shall be given to any other Member of the Company by giving notice of the general effect of the resolution in any manner permitted by the Act for giving him notice of meeting of the Company. The copy of the resolution shall be served, or notice of the effect of the resolution shall be given, as the case may be in the same manner, and so far as practicable, at the same time as notice of the Meeting and where it is not practicable for it to be served or given at the time it shall be served or given as soon as practicable thereafter. (4) The Company shall not be bound under this Article to give notice of any resolution or to circulate any statement unless: (a) A copy of the requisition signed by, the requisitionists (or two or more copies which between them contain the signature of all the requisitionists) is deposited at the Registered Office of the Company. (i)In the case of a requisition, requiring notice of resolution, not less than six weeks before the Meeting. (ii)the case of any other requisition, not less than two weeks before the Meeting, and (b) There is deposited or tendered with the requisition sum reasonably sufficient to meet the Company expenses in giving effect thereto. PROVIDED THAT if after a copy of the requisition requiring notice of a resolution has been deposited at the Registered Office of the Company, and an Annual General Meeting is called for a date six weeks or less after such copy has been deposited, the copy although not deposited within the time required by this clause, shall be deemed to have been properly deposited for the purposes also thereof. (5) The Company shall also not be bound under this Article to circulate any statement, if on the application either of the Company or of any other person who claims to be aggrieved, the Court is satisfied that the rights conferred by this Article are being abused to secure needless publicity for defamatory matter. (6) Notwithstanding anything in these Articles, the business which may be dealt with at Annual General Meeting shall include any resolution for which notice is given in accordance with this Article, and for the purposes of this clause, notice shall be deemed to have been so given, notwithstanding the accidental omission in giving it to one or more Members.
Extra-Ordinary General Meeting by	105. (a) The Directors may, whenever they think fit, convene an Extra-Ordinary General Meeting and they shall on requisition of the Members as herein provided, forthwith proceed to convene Extra-Ordinary General Meeting of

Title of Article	Article Number and contents
Board and by requisition When a Director or any two Members may call an Extra Ordinary General Meeting	the Company. (b) If at any time there are not within India sufficient Directors capable of acting to form a quorum, or if the number of Directors be reduced in number to less than the minimum number of Directors prescribed by these Articles and the continuing Directors fail or neglect to increase the number of Directors to that number or to convene a General Meeting, any Director or any two or more Members of the Company holding not less than one-tenth of the total paid up share capital of the Company may call for an Extra-Ordinary General Meeting in the same manner as nearly as possible as that in which meeting may be called by the Directors.
Contents of requisition, and number of requisitionists required and the conduct of Meeting	106. (1) In case of requisition the following provisions shall have effect: (a) The requisition shall set out the matter for the purpose of which the Meeting is to be called and shall be signed by the requisitionists and shall be deposited at the Registered Office of the Company. (b) The requisition may consist of several documents in like form each signed by one or more requisitionists. (c) The number of Members entitled to requisition a Meeting in regard to any matter shall be such number as hold at the date of the deposit of the requisition, not less than one-tenth of such of the paid-up share capital of the Company as that date carried the right of voting in regard to that matter. (d) Where two or more distinct matters are specified in the requisition, the provisions of sub-clause (3) shall apply separately in regard to such matter, and the requisition shall accordingly be valid only in respect of those matters in regard to which the conditions specified in that clause are fulfilled. (e) If the Board does not within twenty-one days from the date of the deposit of a valid requisition in regard to any matters, proceed, duly to call a Meeting for the consideration of those matters on a day not later than forty-five days from the date of the deposit of the requisition, the Meeting may be called: (i)By the requisitionists themselves ; or (ii) by such of the requisitionists as represent either a majority in value of the paid up share capital held by all of them or not less than one tenth of the paid-up share capital of the Company as is referred to in sub clauses (c) of clause (I) which ever is less. PROVIDED THAT for the purpose of this sub-clause, the Board shall, in the case of a Meeting at which a resolution is to be proposed as a Special Resolution, be deemed not to have duly convened the Meeting if they do not give such notice thereof as is required by sub-section (2) of Section 189 of the Act. (2) A meeting called under sub-clause (c) of clause (1) by requisitionists or any of them: (a) shall be called in the same manner as, nearly as possible, as that in which meeting is to be called by the Board; but (b) shall not be held after the expiration of three months from the date of deposit of the requisition. PROVIDED THAT nothing in sub-clause (b) shall be deemed to prevent a Meeting duly commenced before the expiry

Title of Article	Article Number and contents
	of the period of three months aforesaid, from adjourning to some days after the expiry of that period. (3) Where two or more Persons hold any Shares in the Company jointly; a requisition or a notice calling a Meeting signed by one or some only of them shall, for the purpose of this Article, have the same force and effect as if it has been signed by all of them. (4) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board to duly to call a Meeting shall be repaid to the requisitionists by the Company; and any sum repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.
Length of notice of Meeting	107. (1) A General Meeting of the Company may be called by giving not less than twenty-one days notice in writing. (2) A General Meeting may be called after giving shorter notice than that specified in clause (1) hereof, if consent is accorded thereto: (i) In the case of Annual General Meeting by all the Members entitled to vote thereat; and (ii) In the case of any other Meeting, by Members of the Company holding not less than ninety-five percent of such part of the paid up share capital of the Company as gives a right to vote at the Meeting. PROVIDED THAT where any Members of the Company are entitled to vote only on some resolution, or resolutions to be moved at a Meeting and not on the others, those Members shall be taken into account for the purposes of this clause in respect of the former resolutions and not in respect of the later.
Contents and manner of service of notice	108. (1) Every notice of a Meeting of the Company shall specify the place and the day and hour of the Meeting and shall contain a statement of the business to be transacted thereat. (2) Subject to the provisions of the Act notice of every General Meeting shall be given; (a) to every Member of the Company, in any manner authorised by sub-sections (1) to (4) Section 53 of the Act; (b) to the persons entitled to a Share in consequence of the death, or insolvency of a Member, by sending it through post in a prepaid letter addressed to them by name or by the title of representative of the deceased, or assignees of the insolvent, or by like description, at the address, if any in India supplied for ,the purpose by the persons claiming to be so entitled or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred; and (c) to the Auditor or Auditors for the time being of the Company in any manner authorised by Section 53 of the Act in the case of Members of the Company. PROVIDED THAT, where the notice of a Meeting is given by advertising the same in a newspaper circulating in the neighborhood of Registered Office of the Company under sub-section (3) of Section 53 of the Act, the statement of material facts referred to in Section 173 of the Act need not be annexed to the notice as required by that Section, but it shall be

Title of Article	Article Number and contents
	mentioned in the advertisement that the statement has been forwarded to the Members of the Company. (3) Every notice convening a Meeting of the Company shall state with reasonable prominence that a Member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of himself and that a proxy need not be a Member of the Company.
Special and ordinary business and explanatory statement	109. (1)(a) In the case of an Annual General Meeting all business to be transacted at the Meeting shall be deemed special, with the exception of business relating to (i) the consideration of the accounts, balance sheet the reports of the Board of Directors and Auditors; (ii) the declaration of dividend; (iii) the appointment of Directors in the place, of those retiring; and (iv) the appointment of, and the fixing of the remuneration of the Auditors, and (b) In the case of any other meeting, all business shall be deemed special (2) Where any items of business to be transacted at the Meeting of the Company are deemed to be special as aforesaid, there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item, of business, including in particular the nature of the concern or interest, if any, therein of every Director. PROVIDED THAT, where any such item of special business at the Meeting of the Company relates to or affects, any other company, the extent of shareholding interest in that other company of every Director of the Company shall also be set out in the statement, if the extent of such shareholding interest is not less than twenty percent of the paid up-share capital of the other company. (3) Where any item of business consists of the according of approval to any document by the Meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.
Omission to give notice not to invalidate proceedings	110. The accidental omission to give such notice as aforesaid to or non-receipt thereof by, any Member or other person to whom it should be given, shall not invalidate the proceedings of any such Meeting.

MEETING OF MEMBERS

Title of Article	Article Number and contents
Notice of business to be given	111. No General Meeting, Annual or Extra-Ordinary shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices convening the Meeting.
Quorum	112. Five Members entitled to vote and present in person shall be quorum for General Meeting and no business shall be transacted at the General Meeting unless the quorum requisite is present at the commencement of the Meeting. A body corporate being a Member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act. The President of India or the Governor of a State being a Member of the Company shall be deemed to be personally present if it is presented in accordance with Section 187 of the Act.
	113.

Title of Article	Article Number and contents
If quorum not present when Meeting to be dissolved and when to be adjourned	If within half an hour from the time appointed for holding a Meeting of the Company, a quorum is not present, the Meeting, if called by or upon the requisition of the Members shall stand dissolved and in any other case the Meeting shall stand, adjourned to the same day in the next week or if that day is a public holiday until the next succeeding day which is not a public holiday, at the same time and place or to such other day and at such other time and place as the Board may determine. If at the adjournment meeting also, a quorum is not present within half an hour from the time appointed for holding the Meeting, the Members present shall be a quorum and may transact the business for which the Meeting was called.
Resolution passed at adjourned Meeting	114. Where a resolution is passed at an adjourned Meeting of the Company, the resolution for all purposes is treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.
Chairman of General Meeting.	115. At every General Meeting the Chair shall be taken by the Chairman of the Board of Directors. If at any Meeting, the Chairman of the Board of Directors is not present within ten minutes after the time appointed for holding the Meeting or though present, is unwilling to act as Chairman, the Vice Chairman of the Board of Directors would act as Chairman of the Meeting and if Vice Chairman of the Board of Directors is not present or, though present, is unwilling to act as Chairman, the Directors present may choose one of themselves to be a Chairman, and in default or their doing so or if no Directors shall be present and willing to take the Chair, then the Members present shall choose one of themselves, being a Member entitled to vote, to be Chairman.
Act for resolution sufficiently done or passed by Ordinary Resolution unless otherwise required.	115(A) Any act or resolution which, under the provisions of these Articles or of the Act, is permitted or required to be done or passed by the Company in General Meeting shall be sufficiently done so or passed if effected by an Ordinary Resolution unless either the Act or the Articles specifically require such act to be done or resolution be passed by a Special Resolution.
Business confined to election of Chairman whilst the Chair is vacant	116. No business shall be discussed at any General Meeting except the election of a Chairman whilst the Chair is vacant.
Chairman may adjourn Meeting	117. (a) The Chairman may with the consent of Meeting at which a quorum is present and shall if so directed by the Meeting adjourn the Meeting from time to time and from place to place. (b) No business shall be transacted at any adjourned Meeting other than the business left unfinished at the Meeting from which the adjournment took place. (c) 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. (d) Save as aforesaid, it shall not be necessary to give any notice of an adjournment of or of the business to be transacted at any adjourned Meeting.
How questions are decided at Meetings	118. Every question submitted to a General Meeting shall be decided in the first instance by a show of hands unless the poll is demanded as provided in these Articles.
Chairman's	119. A declaration by the Chairman of the Meeting that on a show of hands, a

Title of Article	Article Number and contents
declaration of result of voting on show of hands	resolution has or has not been carried either unanimously or by a particular majority, and an entry to that effect in the book containing the minutes of the proceeding of the Company's General Meeting shall be conclusive evidence of the fact, without proof of the number or proportion of votes cast in favour of or against such resolution.
Demand of poll	120. Before or on the declaration of the result of the voting on any resolution on a show of hands a poll may be ordered to be taken by the Chairman of the Meeting on his own motion and shall be ordered to be taken by him on a demand made in that behalf by any Member or Members present in person or by proxy and holding Shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution, or on which an aggregate sum of not less than fifty thousand rupees has been paid up. The demand for a poll may be withdrawn at any time by the Person or Persons who made the demand.
Time of taking poll	121. A poll demanded on a question of adjournment or election of a Chairman shall be taken forthwith. A poll demanded on any other question shall be taken at such time not being later than forty-eight hours from the time when the demand was made and in such manner and place as the Chairman of the Meeting may direct and the result of the poll shall be deemed to be the decision of the Meeting on the resolution on which the poll was taken.
Chairman's casting vote	122. In the case of equality of votes the Chairman shall both on a show of hands and on a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a Member.
Appointment of scrutineers	123. Where a poll is to be taken, the Chairman of the Meeting shall appoint two scrutineers to scrutinise the vote given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a Member (not being an officer or employee of the Company) present at the Meeting, provided such a Member is available and willing to be appointed. The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutineer from office and fill vacancies in the office of the scrutineer arising from such removal or from any other cause.
Demand for poll not to prevent transaction of other business	124. The demand for a poll shall not prevent transaction of other business (except on the question of the election of the Chairman and of an adjournment) other than the question on which the poll has been demanded.
Special notice	125. Where by any provision contained in the Act or in these Articles, special notice is required for any resolution notice of the intention to move the resolution shall be given to the Company not less than fourteen days before the Meeting at which it is to be moved, exclusive of the day which the notice is served or deemed to be served on the day of the Meeting. The Company shall immediately after the notice of the intention to move any such resolution has been received by it, give its Members notice of the resolution in the same manner as it gives notice of the Meeting, or if that is not practicable shall give them notice thereof, either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by these presents not less than seven days before the Meeting.

VOTES OF MEMBERS

Title of Article	Article Number and contents

Title of Article	Article Number and contents
Member paying money in advance not to be entitled to vote in respect thereof	126. A Member paying the whole or a part of the amount remaining unpaid on any Share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of moneys so paid by him until the same would but for such payment become presently payable.
Restriction on exercise of voting rights of Members who have not paid calls	127. No Member shall exercise any voting rights in respect of any Shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.
Number of votes to which Member entitled	128. Subject to the provisions of Article 126, every Member of the Company holding any equity share capital and otherwise entitled to vote shall, on a show of hands when present in person (or being a body corporate present by a representative duly authorised) have one vote and on a poll, when present in person (including a body corporate by a duly authorised representative), or by an agent duly authorised under a Power of Attorney or by proxy, his voting right shall be in proportion to his share of the paid-up equity share capital of the Company. Provided however, if any preference shareholder is present at any meeting of the Company, (save as provided in clause (b) of sub-section (2) of Section 87) he shall have a right to vote only on resolutions before the Meeting which directly affect the rights attached to his preference shares. A Member is not prohibited from exercising his voting rights on the ground that he has not held his Shares or interest in the Company for any specified period preceding the date on which the vote is taken.
Votes of Members of unsound mind	129. A Member of unsound mind, or in respect of whom 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.
Votes of joint Members	130. If there be joint registered holders of any Shares, one of such persons may vote at any Meeting personally or by an agent duly authorised under a Power of Attorney or by proxy in respect of such Shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the Meeting, and if more than one of such joint holders be present at any Meeting either personally or by agent or by proxy, that one of the said persons so present whose name appears higher on the Register of Members shall alone be entitled to speak and to vote in respect of such Shares, but the other holder(s) shall be entitled to vote in preference to a person present by an agent duly authorised under a Power of Attorney or by proxy although the name of such person present by agent or proxy stands first or higher in the Register of Members in respect of such Shares. Several executors or administrators of a deceased Member in whose name Shares stand shall for the purpose of these Articles be deemed joint holders thereof.
Representation of body corporate	131. (a) A body corporate (whether a company within the meaning of the Act or not) may, if it is a Member or creditor of the Company (including a holder of Debentures) authorise such person as it thinks fit by a resolution of its Board of Directors or other governing body, to act as its representative at any Meeting of the Company or any class of shareholders of the Company or at any meeting of the creditors of the Company or Debenture-holders of the Company. A person authorised by resolutions aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual Member, shareholder, creditor or holder of Debentures of the Company. The production of a copy of the resolution referred to above

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	certified by a Director or the Secretary of such body corporate before the commencement of the Meeting shall be accepted by the Company as sufficient evidence of the validity of the said representatives' appointment and his right to vote thereat. (b) Where the President of India or the Governor of a State is a Member of the Company, the President or as the case may be the Governor may appoint such person as he thinks fit to act as his representative at any Meeting of the Company or at any meeting of any class of shareholders of the Company and such a person shall be entitled to exercise the same rights and powers, including the right to vote by proxy, as the President, or as the case may be, the Governor could exercise as a Member of the Company.
Votes in respects of deceased or insolvent Members	132. Any person entitled under the Transmission Article to transfer any Shares may vote at any General Meeting in respect thereof in the same manner as if he was the registered holder of such Shares; provided that at least forty-eight hours before the time of holding the Meeting or adjourned Meeting, as the case may be, at which he proposes to vote, he shall satisfy the Directors of the right to transfer such Shares and give such indemnity (if any) as the Directors may require unless the Directors shall have previously admitted his right to vote at such Meeting in respect thereof.
Voting in person or by proxy	133. Subject to the provisions of these Articles, votes may be given either personally or by proxy. A body corporate being a Member may vote either by a proxy or by a representative duly authorised in accordance with Section 187 of the Act.
Rights of Members to use votes differently	134. On a poll taken at a Meeting of the Company a Member entitled to more than one vote or his proxy, or other persons entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses
Proxies	135. Any Member of the Company entitled to attend and vote at a Meeting of the Company, shall be entitled to appoint another person (whether a Member or not) as his proxy to attend and vote instead of himself PROVIDED ALWAYS that a proxy so appointed shall not have any right what so ever to speak at the Meeting. Every notice convening a Meeting of the Company shall state that a Member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of himself, and that a proxy need not be a Member of the Company.
Proxy either for specified meeting or for a period	136. An instrument of proxy may appoint a proxy either for the purposes of a particular Meeting specified in the instrument and any adjournment thereof or it may appoint a proxy for the purpose of every Meeting to be held before a date specified in the instrument and every adjournment of any such Meeting.
No proxy to vote on a show of hands	137. No proxy shall be entitled to vote by a show of hands.
Instrument of proxy when to be deposited	138. The instrument appointing a proxy and the Power of Attorney or authority (if any) under which it is signed or a notarially certified copy of that Power of Attorney or authority, shall be deposited at the Registered Office of the Company at least forty-eight hours before the time for holding the Meeting at which the person named in the instrument purposes to vote and in default the instrument of proxy shall not be treated as valid.
Form of Proxy	139. Every instrument of proxy whether for a specified Meeting or otherwise shall, as nearly as circumstances will admit, be in any of the forms set out in Schedule IX to the Act, and signed by the appointer or his

Title of Article	Article Number and contents
	attorney duly authorised in writing or if the appointer is a body corporate, be under its seal or be signed by any officer or attorney duly authorised by it.
Validity of votes given by proxy notwithstanding revocation of authority	140. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or of any Power of Attorney under which such proxy was signed, or the transfer of the Share in respect of which the vote is given, provided that no intimation in writing of the death, insanity, revocation or transfer shall have been received by the Company at the Registered Office before the commencement of the Meeting or adjourned Meeting at which the proxy is used provided nevertheless that the Chairman of any Meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and of the same not having been revoked.
Time for objection to vote	141. No objection shall be made to the qualification of any voter or to the validity of a vote except at the Meeting or adjourned Meeting at which the vote objected to is given or tendered, and every vote, whether given personally or by proxy, not disallowed at such Meeting, shall be valid for all proposes and such objection made in due time shall be referred to the Chairman of the Meeting.
Chairman of any Meeting to be the judge of Validity of any value	142. The Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such Meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll. The decision of the Chairman shall be final and conclusive.
Custody of Instrument	143. If any such instrument of appointment is confined to the object of appointing at attorney or proxy for voting at Meetings of the Company, it shall remain permanently or for such time as the Directors may determine, in the custody of the Company. If such instrument embraces other objects, a copy thereof examined with the original shall be delivered to the Company to remain in the custody of the Company.

DIRECTORS

Title of Article	Article Number and contents
Number of Directors	144. Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three and not more than twelve.
First Directors	144A. The first directors of the Company are: 1) Mr. Mahendra Chandulal Shah 2) Mr. Champak Kirtilal Mehta 3) Mr. Pravin Chandulal Shah 4) Mr. Pravin Kirtilal Mehta 5) Mr. Sandeep Mahendra Shah The above referred directors shall be directors of the Company liable to retire by rotation.
Appointment of Directors	145. The appointment of Directors of the Company shall be in accordance with the provisions of the Act and these Articles, to the extent applicable.
Debenture Directors	146. Any Trust Deed for securing Debentures may if so arranged, provide for the appointment, from time to time by the Trustees thereof or by the holders of Debentures, of some person to be a Director of the Company and may empower such Trustees or holder of Debentures, from time to time, to remove and re-appoint any Director so appointed. The Director appointed under this Article is herein referred to as "Debenture Director" and the term

Title of Article	Article Number and contents
	"Debenture Director" means the Director for the time being in office under this Article. The Debenture Director shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be agreed between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions contained herein.
Nominee Director or Corporation Director	147. a) Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to any Finance Corporation or Credit Corporation or to any Financing company or body, (which corporation or body is hereinafter in this Article referred to as "the corporation") out of any loans granted or to be granted by them to the Company or so long as the corporation continue to hold Debentures in the Company by direct subscription or private placement, or so long as the Corporation holds Shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time any person or persons as a Director, whole time or non-whole time (which Director or Directors is/are hereinafter referred to as "Nominee Director(s)") on the Board of the Company and to remove from such office any persons so appointed and to appoint any person or persons in his/ their places. b) The Board of Directors of the Company shall have no power to remove from office the Nominee Director(s). Such Nominee Director(s) shall not be required to hold any Share qualification in the Company. Further Nominee Director shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Directors(s) shall be entitled to the same rights and privileges and be subject to the obligations as any other Director of the Company. c) The Nominee Director(s) so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation and the Nominee Director/s so appointed in exercise of the said power, shall *ipso facto* vacate such office immediately on the moneys owing by the Company to the Corporation being paid off d) The Nominee Director(s) appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and all the Meetings of the Committee of which the Nominee Director(s) is/are Member(s) as also the minutes of such Meetings. The Corporation shall also be entitled to receive all such notices and minutes. e) The sitting fees in relation to such Nominee Director(s) shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any other fees, commission, moneys or remuneration in any form is payable to the Nominee Director of the Company, such fees, commission, moneys and remuneration in relation to such Nominee Director(s) shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director(s), in connection with their appointment or Directorship, shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director/s provided that if any such Nominee Director/s is/are an officer(s) of the Corporation.. Provided also that in the event of the Nominee Director(s) being appointed as Whole-time Director(s); such Nominee Director/s shall exercise such power and duties as may be approved by the lenders and have such rights as are usually exercised or available to a whole-time Director in the management of the affairs of Company. Such Nominee

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	Director shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Corporation(s) nominated by him.
Special Director	148. In connection with any collaboration arrangement with any company or corporation or any firm or person for supply of technical know-how and/or machinery or technical advice the directors may authorize such company , corporation ,firm or person herein-after in this clause referred to as "collaboration" to appoint from time to time any person as director of the company (hereinafter referred to as "special director") and may agree that such special director shall not be liable to retire by rotation and need not possess any qualification shares to qualify him for office of such director, so however that such special director shall hold office so long as such collaboration arrangement remains in force unless otherwise agreed upon between the Company and such collaborator under the collaboration arrangements or at any time thereafter. The collaborators may at any time and from time to time remove any such special director appointed by it and may at the time of such removal and also in the case of death or resignation of the person so appointed, at any time appoint any other person as special director in his place and such appointment or removal shall be made in writing signed by such company or corporation or any partner or such person and shall be delivered to the Company at its registered office. It is clarified that every collaborator entitled to appoint a director under this article may appoint one such person as a director and so that if more then one collaborator is so entitled there may be at any time as may special directors as the collaborators eligible to make the appointment.
Limit on number of retaining Directors	149. The provisions of Articles 146, 147,148 and 149 are subject to the provisions of Section 256 of the Act and number of such Directors appointed under Article 147 shall not exceed in the aggregate one third of the total number of Directors for the time being in office.
Alternate Director	150. The Board may appoint, an Alternate Director recommended for such appointment by the Director (hereinafter in this Article called "the Original Director") to act for him during his absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. Every such Alternate Director shall, subject to his giving to the Company an address in India at which notice may be served on him, be entitled to notice of meetings of Directors and to attend and vote as a Director and be counted for the purposes of a quorum and generally at such Meetings to have and exercise all the powers and duties and authorities of the Original Director. The Alternate Director appointed under this Article shall vacate office as and when the Original Director returns to the State in which the meetings of the Board are ordinarily held and if the term of office of the Original Director is determined before he returns to as aforesaid, any provisions in the Act or in these Articles for automatic reappointment of retiring Director in default of another appointment shall apply to the Original Director and not the Alternate Director.
Directors may fill in vacancies	151. The Directors shall have power at any time and from time to time to appoint any person to be a Director to fill a casual vacancy. Such casual vacancy shall be filled by the Board of Directors at a meeting of the Board. Any person so appointed shall hold office only upto the date to which the Director in whose place he is appointed would have held office, if it had not been vacated as aforesaid. However, he shall then be eligible for re-election.
	152.

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Additional Directors	The Directors shall have the power at any time and from time to time to appoint any other person to be a Director as an addition to the Board ("Additional Director") so that the total number of Directors shall not at any time exceed the maximum fixed by these Articles. Any person so appointed as an Additional Director to the Board shall hold his office only upto the date of the next Annual General Meeting and shall be eligible for election at such Meeting.
Qualification shares	153. A Director need not hold any qualification shares.
Directors' sitting fees	154. The fees payable to a Director for attending each Board meeting shall be such sum as may be fixed by the Board of Directors not exceeding such sum as may be prescribed by the Central Government for each of the meetings of the Board or a Committee thereof and adjournments thereto attended by him. The Directors, subject to the sanction of the Central Government (if any required) may be paid such higher fees as the Company in General Meeting shall from time to time determine.
Extra remuneration to Directors for special work	155. Subject to the provisions of Sections 198, 309, 310, 311 and 314 of the Act, if any Director, being willing shall be called upon to perform extra services (which expression shall include work done by a Director as a Member of any Committee formed by the Directors or in relation to signing share certificate) or to make special exertions in going or residing or residing out of his usual place of residence or otherwise for any of the purposes of the Company, the Company may remunerate the Director so doing either by a fixed sum or otherwise as may be determined by the Director, and such remuneration may be either in addition to or in substitution for his share in the remuneration herein provided. Subject to the provisions of the Act, a Director who is neither in the whole time employment nor a Managing Director may be paid remuneration either: i) by way of monthly, quarterly or annual payment with the approval of the Central Government; or ii) by way of commission if the Company by a Special Resolution authorised such payment.
Traveling expenses incurred by Directors on Company's business	156. The Board of Directors may subject to the limitations provided by the Act allow and pay to any Director who attends a meeting of the Board of Directors or any Committee thereof or General Meeting of the Company or in connection with the business of the Company at a place other than his usual place of residence, for the purpose of attending a Meeting such sum as the Board may consider fair compensation for traveling, hotel, and other incidental expenses properly incurred by him in addition to his fees for attending such Meeting as above specified.
Director may act notwithstanding vacancy	157. The continuing Director or Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the quorum fixed by these Articles for a meeting of the Board, the Director or Directors may act for the purpose of increasing the number, of Directors or that fixed for the quorum or for summoning a General Meeting of the Company but for no other purposes.
Board resolution necessary for certain contracts	158. (1) Subject to the provisions of Section 297 of the Act, except with the consent of the Board of Directors of the Company, a Director of the Company or his relative, a firm in which such a Director or relative is partner, any other partner in such a firm or a private company of which the Director is a member or director, shall not enter into any contract with the Company.

Title of Article	Article Number and contents
	(a) For the sale, purchase or supply of goods, materials or services; or (b) for underwriting the subscription of any Share in or debentures of the Company; (c) nothing contained in clause (a) of sub-clause (1) shall affect:- (i) the purchase of goods and materials from the Company, or the sale of goods and materials to the Company by any Director, relative, firm, partner or private company as aforesaid for cash at prevailing market prices; or (ii) any contract or contracts between the Company on one side and any such Director, relative, firm, partner or private company on the other for sale, purchase or supply of any goods, materials and services in which either the Company, or the Director, relative, firm, partner or private company, as the case may be regularly trades or does business, PROVIDED THAT such contract or contracts do not relate to goods and materials the value of which, or services the cost of which, exceeds five thousand rupees in the aggregate in any year comprised in the period of the contract or contracts; (2) Notwithstanding any contained in sub-clause(1) hereof, a Director, relative, firm partner or private company as aforesaid may, in circumstances of urgent necessity, enter without obtaining the consent of the Board, into any contract with the Company for the sale, purchase or supply of any goods, materials or services even if the value of such goods or cost of such services exceeds rupees five thousand in the aggregate in any year comprised in the period of the contract; but in such a case the consent of the Board shall be obtained at a Meeting within three months of the date on which the contract was entered into. (3)Every consent of the Board required under this Article shall be accorded by a resolution passed at a meeting of the Board required under clause (1) and the same shall not be deemed to have been given within the meaning of that clause unless the consent is accorded before the contract is entered into or within three months of the data on which was entered into. (4) If consent is not accorded to any contract under this Article, anything done in pursuance of the contract will be voidable at the option of the Board. (5) The Directors, so contracting or being so interested shall not be liable to the Company for any profit realised by any such contract or the fiduciary relation thereby established.
Disclosure to the Members of Directors' interest in contract appointing Managers, Managing Director or Wholetime Director	159. When the Company:- (a) enters into a contract for the appointment of a Managing Director or Wholetime Director in which contract any Director of the Company is whether directly or indirectly, concerned or interested; or (b) varies any such contract already in existence and in which a Director is concerned or interested as aforesaid, the provisions of Section 302 of the Act shall be complied with.
Directors of interest General notice of disclosure	160. (a) A Director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract entered into or to be entered into by or on behalf of the Company shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in Section 299 (2) of the Act. (b) A general notice, given to the Board by the Director to the effect that

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	he is a director or is a member of a specified body corporate or is a member of a specified firm under Sections 299(3)(a) shall expire at the end of the financial year in which it shall be given but may be renewed for a further period of one financial year at a time by fresh notice given in the last month of the financial year in which it would have otherwise expired. No such general notice and no renewal thereof shall be of effect unless, either it is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that is brought up and read at the first meeting of the Board after it is given.
Directors and Managing Director may contract with Company	161. Subject to the provisions of the Act the Directors (including a Managing Director and Whole time Director) shall not be disqualified by reason of his or their office as such from holding office under the Company or from contracting with the Company either as vendor, purchaser, lender, agent, broker, lessor or lessee or otherwise, nor shall any such contract or any contracts or arrangement entered into by or on behalf of the Company with any Director or with any company or partnership of or in which any Director shall be a member or otherwise interested be avoided nor shall any Director so contracting be liable to account to the Company for any profit realized by such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established, but it is declared that the nature of his interest shall be disclosed as provided by Section 299 of the Act and in this respect all the provisions of Section 300 and 301 of the Act shall be duly observed and complied with.
Disqualification of the Director	162. A person shall not be capable of being appointed Director of the Company if:- (a)he has been found to be of unsound mind by a Court of competent jurisdiction and the finding is in force; (b) he is an undischarged insolvent; (c) he has applied to be adjudged an insolvent and his application is pending; (d) he has been convicted by a Court of any offence involving moral turpitude sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed form the date of expiry of the sentence; (e) he has not paid any call in respect of Shares of the Company held by him whether alone or jointly with others and six months have lapsed from the last day fixed for the payment of the call; or (f) an order disqualifying him for appointment as Director has been passed by a Court in pursuance of Section 203 of the Act and is in force; unless the leave of the Court has been obtained for his appointment in pursuance of that Section.
Vacation of office by Directors	163.The office of Director shall become vacant if:- (a) he is found to be of unsound mind by a Court of competent jurisdiction; or (b) he applies to be adjudged an insolvent; or (c) he is adjudged an insolvent; or (d) he is convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for less than six months; or

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	(e) he fails to pay any call in respect of Shares of the Company held by him, whether alone or jointly with others within six months from the last date fixed for the payment of the call unless the Central Government, by a notification in the Official Gazette removes the disqualification incurred by such failure; or (f) absents himself from three consecutive meetings of the Board of Directors, or from all meetings of the Board for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board; or (g) he(whether by himself or by any person for his benefit or on his account or any firm in which he is a partner or any private company of which he is a director), accepts a loan, or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act; or (h) he being in any way whether directly or indirectly concerned or interested in a contract or arrangement or proposed contract or arrangement, entered into or to be entered into by or on behalf of the Company fails to disclose the nature of his concern or interest at a meeting of the Board of Directors as required by Section 299 of the Act; or (i) he becomes disqualified by an order of the Court under Section 203 of the Act; or (j) he is removed by an Ordinary Resolution of the Company before the expiry of his period of notice; or (k) if by notice in writing to the Company, he resigns his office, or (l) having been appointed as a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company.
Vacation of office by Directors (contd.)	164. Notwithstanding anything contained in sub-clauses (c), (d) and (i) of Article 162hereof, the disqualification referred to in these clauses shall not take effect: (a) for thirty days from the date of the adjudication, sentence or order; (b) where any appeal or petition is preferred within thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence or order until the expiry of seven days from the date on which such appeal or petition is disposed of; or (c) where within the seven days aforesaid, any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order, and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed of.
Removal of Directors	165. (a) The Company may subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles by Ordinary Resolution remove any Director not being a Director appointed by the Central Government in pursuance of Section 408 of the Act before the expiry of his period of office. (b) Special Notice as provided by these Articles or Section 190 of the Act; shall be required of any resolution to remove a Director under the Article or to appoint some other person in place of a Director so removed at the Meeting at which he is removed.

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	(c) On receipt of notice of a resolution to remove a Director under this Article; the Company shall forthwith send a copy; thereof to the Director concerned and the Director (whether or not he is a Member of a Company) shall be entitled to be heard on the resolution at the Meeting. (d) where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding reasonable length) and requests their notification to Members of the Company, the Company shall, unless the representations are, received by it too late for it to do so: (i) in the notice of the resolution given to the Members of the Company state the fact of the representations having been made, and (ii) send a copy of the representations to every Member of the Company to whom notice of the Meeting is sent(before or after the representations by the Company) and if a copy of the representations is not sent as aforesaid because they were received too late\ or because of the Company's default the Director may (without prejudice to his right to be heard orally) require that the representation shall be read out at the Meeting; provided that copies of the representation need not be sent or read out at the Meeting if on the application, either of the Company or of any other person who claims to be aggrieved by the Court is satisfied that the rights concerned by this sub-clause are being abused to secure needless publicity for defamatory matter. (e) A vacancy created by the removal of the Director under this Article may, if he had been appointed by the Company in General Meeting or by the Board, in pursuance of Article 153 or Section 262 of the Act be filled by the appointment of another Director in his place by the Meeting at which he is removed, provided special notice of the intended appointment has been given under Article 163 hereof. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforesaid. (f) If the vacancy is not filled under sub-clause(e), it may be filled as a casual vacancy in accordance with the provisions, in so far as they are applicable of Article 153 or Section 162 of the Act, and all the provisions of that Article and Section shall apply accordingly. (g) A Director who was removed from office under this Article shall not be re-appointed as a Director by the Board of Directors. (h) Nothing contained in this Article shall be taken:- (i) as depriving a person removed hereunder of any compensation of damages payable to him in respect of the termination of his appointment as Director, or (ii) as derogating from any power to remove a Director which may exist apart form this Article.
Interested Directors not to participate or vote in Board's proceedings	166. No Director shall as a Director take part in the discussion of or vote on any contract arrangement or proceedings entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangement, not shall his presence count for the purpose of forming a quorum at the time of any such discussion or voting, and if he does vote, his vote shall be void. Provided

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	however, that nothing herein contained shall apply to:- (a) any contract of indemnity against any loss which the Directors, or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company; (b) any contract or arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely; (i) in his being: (a) a director of such company; and (b)the holder of not more than shares of such number of value therein as is requisite to qualify him for appointment as a director, thereof, he having been nominated as director by the company, or (ii) in his being a member holding not more than two percent of its paid-up share capital.
Director may be director of companies promoted by the Company	167. A Director may be or become a director of any company promoted by the Company, or in which it may be interested as a vendor, shareholder, or otherwise and no such Director shall be accountable for any benefit received as director or shareholder of such company except in so far Section 309(6) or Section 314 of the Act may be applicable.
Appointment of Sole Selling Agents	168. (a) The appointment, re-appointment and extension of the term of a sole selling agent, shall be regulated in accordance with the provisions of Section 294 of the Act and any Rules or Notifications issued by the competent authority in accordance with that Section and the Directors and/or the Company in General Meeting may make the appointment, re-appointment or extension of the term of office in accordance with and subject to the provisions of the said Section and such rules or notifications, if any, as may be applicable. (b) The payment of any compensation to a sole selling agent shall be subject to the provisions of Section 294A of the Act.

ROTATION AND APPOINTMENT OF DIRECTORS

Title of Article	Article Number and contents
Rotation of Directors	169. Not less than two third of the total number of Directors shall (a) be persons whose period of the office is liable to termination by retirement by rotation and (b) save as otherwise expressly provided in the Articles be appointed by the Company in General Meeting.
Retirement of Directors	170. Subject to the provisions of Articles 148 and 150, the non-retiring Directors should be appointed by the Board for such period or periods as it may in its discretion deem appropriate.
Retiring Directors	171. Subject to the provisions of Section 256 of the Act and Articles 146 to 153, at every Annual General Meeting of the Company, one-third or such of the Directors for the time being as are liable to retire by rotation; or if their number is not three or a multiple of three the number nearest to one-third shall retire from office. The Debenture Directors, Nominee Directors, Corporation Directors, Managing Directors if any, subject to Article 184, shall not be taken into account in determining the number of Directors to retire by rotation. In these Articles a "Retiring Director" means a Director retiring by rotation.
Appointment of	172. (a) The Board of Directors shall have the right from time to time to appoint any

Title of Article	Article Number and contents
Technical or Executive Directors	person or persons as Technical Director or Executive Director/s and remove any such persons from time to time without assigning any reason whatsoever. A Technical Director or Executive Director shall not be required to hold any qualification shares and shall not be entitled to vote at any meeting of the Board of Directors. (b) Subject to the provisions of Section 262 of the Act, if the office of any Director appointed by the Company in General Meeting vacated before his term of office will expire in the normal course, the resulting casual vacancy may in default of and subject to any regulation in the Articles of the Company be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if had not been vacated as aforesaid.
Ascertainment of Directors retiring by rotation and filling of vacancies	173. Subject to Section 288 (5) of the Act, the Directors retiring by rotation under Article 174 at every Annual General Meeting shall be those, who have been longest in office since their last appointment, but as between those who became Directors on the same day, those who are to retire shall in default of and subject to any agreement amongst themselves be determined by the lot.
Eligibility for re-election	174. A retiring Director shall be eligible for re-election and shall act as a Director through out and till the conclusion of the Meeting at which he retires.
Company to fill vacancies	175. Subject to Sections 258, 259 and 294 of the Act, the Company at the General Meeting, at which a Director retires in manner aforesaid, may fill up the vacancy by appointing the retiring Director or some other person thereto.
Provision in default of appointment	176. (a) If the place of retiring Director is not so filled up and the Meeting has not expressly resolved not to fill the vacancy, the Meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place. (b) If at the adjourned Meeting also, the place of the retiring Director is not filled up and the Meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned Meeting, unless: (i) at that Meeting or the previous Meeting a resolution for the re-appointment of such Director has been put to the Meeting and lost. (ii) the retiring Director has by a notice in writing addressed to the Company or its Board of Directors expressed his unwillingness to be so re-appointed. (iii) he is not qualified or is disqualified for appointment (iv) a resolution, whether Special or Ordinary is required for his appointment or re-appointment by virtue of any provisions of the Act, or (v) the provision of the sub-section (2) of section 263 of the Act is applicable to the case.
Company may increase or reduce the number of Directors or remove any Director	177. Subject to the provisions of Section 252,255 and 259 of the Act, the Company may by Ordinary Resolution from time to time, increase or reduce the number of Directors and may alter qualifications.

Title of Article	Article Number and contents
Appointment of Directors to be voted individually	178. (a) No motion, at any General Meeting of the Company shall be made for the appointment of two or more persons as Directors of the Company by a single resolution unless a resolution that it shall be so made has been first agreed to by the Meeting without any vote being given against it. (b) A resolution moved in contravention of clause (a) hereof shall be void, whether or not objection was taken at the time of its being so moved, provided where a resolution so moved has passed no provisions or the automatic re-appointment of retiring Directors in default of another appointment as therein before provided shall apply. (c) For the purposes of this Article, a motion for approving a person's appointment, or for nominating a person for appointment, shall be treated as a motion for his appointment.
Notice of candidature for office of Directors except in certain cases	179. (1) No person not being a retiring Director shall be eligible for election to the office of Director at any General Meeting unless he or some other Member intending to propose him has given at least fourteen days notice in writing under his hand signifying his candidature for the office of a Director or the intention of such person to propose him as Director for that office as the case may be, along with a deposit of five hundred rupees which shall be refunded to such person or, as the case may be, to such Member, if the person succeeds in getting elected as a Director. (2) The Company shall inform its Members of the candidature of the person for the office of Director or the intention, of a Member to propose such person as candidate for that office by serving individual notices on the Members not less than seven days before the Meeting provided that it shall not be necessary for the Company to serve individual notices upon the Members as aforesaid if the Company advertises such candidature or intention not less than seven days before the Meeting in at least two newspapers circulating in the place where the registered office of the Company is located of which one is published in the English language and the other in the regional language of that place. (3) Every person (other than Director retiring by rotation or otherwise or person who has left at the office of the Company a notice under Section 257 of the Act signifying his candidature for the office of a Director) proposed as a candidate for the office a Director shall sign and file with the Company his consent in writing to act as a Director, if appointed. (4) A person other than a Director appointed after retirement by rotation or immediately on the expiry of his term of office, or an Additional or Alternate Director or a person filling a casual vacancy in the office of a Director under Section 252 of the Act ,appointed as a Director re- appointed as an additional or alternate Director immediately on the expiry of his term of office shall not act as a Director of the Company unless he has within thirty days of his appointment signed and filled with the Registrar his consent in writing to act as such Director.
Disclosure by Directors of their holdings of their Shares and debentures of the Company	180. Every Director and every person deemed to be Director of the Company by virtue of sub-section (10) of Section 307 of the Act shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that Section. Any such notice shall be given in writing and if it is not given at a meeting of the Board the person giving the notice shall take all reasonable steps to secure that it is brought up and read at the next meeting of the Board after it is given.
Votes of Body Corporate	181. A body corporate, whether a company within the meaning of the Act or not, which is a member of the Company, may by resolution of its Board of Directors or other governing body, authorize such person as it thinks fit to act as its

Title of Article	Article Number and contents
	representative at any meeting of the company or at any meeting of any class of members of the company and the persons so authorized shall be entitled to exercise the same rights and poser (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise as if it were as individual member of the company and the production of a copy of the Minutes of such resolution certified by a director or the copy of the Minutes of such resolution certified by a Director or the or the Secretary of such body corporate as being a true copy of the Minutes of such resolution shall be accepted as sufficient evidence of the validity of the said representative's appointment and of his right to vote.

MANAGING DIRECTOR

Title of Article	Article Number and contents
Powers to appoint Managing Director	182. Subject to the provisions of Section 267, 268, 269, 316 and 317 of the Act, the Board may, from time to time, appoint one or more Directors to be Managing Director or Managing Directors or Wholetime Directors of the Company, for a fixed term not exceeding five years as to the period for which he is or they are to hold such office, and may, from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places. (a) The Managing Director shall perform such functions and exercise such powers as are delegated to him by the Board of Directors of the Company in accordance with the provisions of the Companies Act, 1956. (b) Subject to the provisions of Sections 255 of the Act, the Managing Director shall not be while he continues to hold that office, subject to retirement by rotation.
Remuneration of Managing Director	183. Subject to the provisions of Sections 309, 310 and 311 of the Act, a Managing Director shall, in addition to any remuneration that might be payable to him as a Director of the Company under these Articles, receive such remuneration as may from time to time be approved by the Company.
Special position of Managing Director	184. Subject to any contract between him and the Company, a Managing or Wholetime Director shall not, while he continues to hold that office, be subject to retirement by rotation and he shall not be reckoned as a Director for the purpose of determining the rotation of retirement of Directors or in fixing the number of Directors to retire but (subject to the provision of any contract between him and the Company), he shall be subject to the same provisions as to resignation and removal as the Directors of the Company and shall, *ipso facto* and immediately, cease to be a Managing Director if he ceases to hold the office of Director from any cause.
Powers of Managing Director	185. The Director may from time to time entrust to and confer upon a Managing Director or Wholetime Director for the time being such of the powers exercisable under these provisions by the Directors, as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they think expedient, and they may confer such powers, either collaterally with, or to the exclusion of and in substitution for, all or any of the powers of the Directors in that behalf and from time to time, revoke, withdraw, alter, or vary all or any of such powers.
	186. The Company's General Meeting may also from time to time appoint any Managing Director or Managing Directors or Wholetime Director or Wholetime Directors of the Company and may exercise all the powers

Title of Article	Article Number and contents
	referred to in these Articles.
	187. Receipts signed by the Managing Director for any moneys, goods or property received in the usual course of business of the Company or for any money, goods, or property lent to or belonging to the Company shall be an official discharge on behalf of and against the Company for the money, funds or property which in such receipts shall be acknowledged to be received and the persons paying such moneys shall not be bound to see to the application or be answerable for any misapplication thereof. The Managing Director shall also have the power to sign and accept and endorse cheques on behalf of the Company.
	188. The Managing Director shall be entitled to sub-delegate (with the sanction of the Directors where necessary) all or any of the powers, authorities and discretions for the time being vested in him in particular from time to time by the appointment of any attorney or attorneys for the management and transaction of the affairs of the Company in any specified locality in such manner as they may think fit.
	189. Notwithstanding anything contained in these Articles, the Managing Director is expressly allowed generally to work for and contract with the Company and especially to do the work of Managing Director and also to do any work for the Company upon such terms and conditions and for such remuneration (subject to the provisions of the Act) as may from time to time be agreed between him and the Directors of the Company.
Appointment and powers of Manager	189A The Board may, from time to time, appoint any Manager (under Section 2(24) of the Act) to manage the affairs of the Company. The Board may from time to time entrust to and confer upon a Manager such of the powers exercisable under these Articles by the Directors, as they may think fit, and may, confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they think expedient.

WHOLE TIME DIRECTOR

Title of Article	Article Number and contents
Power to appoint Whole Time Director and/or Whole-time Directors	190. Subject to the provisions of the Act and of these Articles, the Board may from time to time with such sanction of the Central Government as may be required by law appoint one or more of its Director/s or other person/s as Whole-Time Director or Whole-Time Directors of the Company out of the Directors/ persons nominated under Article only either for a fixed term that the Board may determine or permanently for life time upon such terms and conditions as the Board may determine or permanently for life time upon such terms and conditions as the Board thinks fit. The Board may by ordinary resolution and / or an agreement/s vest in such Whole-Time Director or Whole Time Directors such of the powers authorities and functions hereby vested in the Board generally as it thinks fit and such powers may be made exercisable and for such period of periods and upon such conditions and subject to such restrictions as it may be determined or specified by the Board and the Board has the powers to revoke, withdraw, alter or vary all or any of such powers and / or remove or dismiss him or them and appoint another or others in his or their place or places again out of the Directors / persons nominated under Article 192 only. The Whole Time Director or Whole Time Directors will be entitled for remuneration as may be fixed and determined by the Board from time to time either by way of ordinary resolution or a Court act/s or an agreement/s under such terms not expressly prohibited by the Act.
To what	191. Subject to the provisions of Section 255 of the Act and these Articles, a

provisions Whole time Directors shall subject	Whole Time Director or Whole Time Director shall not, while he/they continue to hold that office, be liable to retirement by rotation but (subject to the provisions of any contract between him/they and the Company) he/ they shall be subject to the same provision as to resignation and removal as the other Directors, and he/they shall ipso facto and immediately ceases or otherwise under the sees to hold the office of Director/s for any reason whatsoever save that if he/they shall vacate office whether by retirement, by rotation or otherwise under the provisions of the Act any Annual General Meeting and shall be re-appointed as a Director of Directors at the same meeting he/they shall not by reason only of such vacation, cease to be a Whole Time Director or Whole Time Directors.
Seniority of Whole Time Director and Managing Director	192. If at any time the total number of Managing Directors and Whole Time Directors is more than one-third who shall retire shall be determined by and in accordance with their respective seniorities. For the purpose of this Article the seniorities of the Whole Time Directors and Managing Directors shall be determined by the date of their respective appointments as Whole Time Directors and Managing Directors of the Company.

PROCEEDINGS OF THE BOARD OF DIRECTORS

Title of Article	Article Number and contents
Meeting of Directors	193. The Directors may meet together as a Board for the dispatch of business from time to time, and unless the Central Government by virtue of the provisions of Section 285 of the Act allow otherwise, Directors shall so meet at least once in every three months and at least four such Meetings shall be held in every year. The Directors may adjourn and otherwise regulate their Meetings as they think fit. The provisions of this Article shall not be deemed to have been contravened merely by reason of the fact that the meeting of the Board which had been called in compliance with the terms of this Article could not be held for want of a quorum.
Quorum	194. (a) Subject to Section 287 of the Act the quorum for a meeting of the Board of Directors shall be one-third of its total strength (excluding Directors, if any, whose place may be vacant at the time and any fraction contained in that one third being rounded off as one) or two Directors whichever is higher. PROVIDED that where at any time the number of interested Directors at any meeting exceeds or is equal to two-third of the Total Strength, the number of the remaining Directors that is to say, the number of remaining who are not interested) present at the Meeting being not less than two shall be the quorum during such time. (b)for the purpose of clause(a) (i) "Total Strength" means total strength of the Board of Directors of the Company determined in pursuance of the Act after deducting there from number of the Directors if any, whose places may be vacant at the time, and (ii) “Interested Directors” means any Directors whose presence cannot by reason of any provisions in the Act count for the purpose of forming a quorum at a meeting of the Board at the time of the discussion or vote on any matter.
Procedure when Meeting adjourned for want of quorum	195. If a meeting of the Board could not be held for want of quorum then, the Meeting shall automatically stand, adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday at the same time and place, unless otherwise adjourned to a specific date, time and place.
Chairman of	196. The Chairman of the Board of Directors shall be the Chairman of the

Title of Article	Article Number and contents
Meeting	meetings of Directors, provided that if the Chairman of the Board of Directors is not present within five minutes after the appointed time for holding the same, meeting of the Director shall choose one of their members to be Chairman of such Meeting.
Question at Board meeting how decided	197. Subject to the provisions of Section 316, 372(5) and 386 of the Act, questions arising at any meeting of the Board shall be decided by a majority of votes, and in case of any equality of votes, the Chairman shall have a second or casting vote.
Powers of Board meeting	198. A meeting of the Board of Directors at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act, or the Articles for the time being of the Company which are vested in or exercisable by the Board of Directors generally.
Directors may appoint Committee	199. The Board of Directors may subject to the provisions of Section 292 and other relevant provisions of the Act, and of these Articles delegate any of the powers other than the powers to make calls and to issue debentures to such Committee or Committees and may from time to time revoke and discharge any such Committee of the Board, either wholly or in part and either as to the persons or purposes, but every Committee of the Board so formed shall in exercise of the powers so delegated conform to any regulation(s) that may from time to time be imposed on it by the Board of Directors. All acts done by any such Committee of the Board in conformity with such regulations and in fulfillment of the purpose of their appointments, but not otherwise, shall have the like force and effect, as if done by the Board.
Meeting of the Committee how to be governed	200. The meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding article. Quorum for the Committee meetings shall be two.
Circular resolution	201. (a) A resolution passed by circulation without a meeting of the Board or a Committee of the Board appointed under Article 201 shall subject to the provisions of sub-clause (b) hereof and the Act, be as valid and effectual as the resolution duly passed at a meeting of Directors or of a Committee duly called and held. (b) A resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation if the resolution has been circulated in draft together with necessary papers if any to all the Directors, or to all the members of the Committee, then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee as the case may be) and to all other Directors or members of the Committee at their usual addresses in India or to such other addresses outside India specified by any such Directors or members of the Committee and has been approved by such of the Directors or members of the Committee, as are then in India, or by a majority of such of them as are entitled to vote on the resolution.
Acts of Board or Committee valid notwithstanding defect in appointment	202. All acts done by any meeting of the Board or by a Committee of the Board or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered; that there was some defect in the appointment of one or more of such Directors or any person acting as aforesaid; or that they or any of them were disqualified or had vacated office or that the appointment of any of them is deemed to be terminated by virtue of any provision contained in the Act or in these Articles, be as valid as if every such person had been duly appointed and was qualified to be a Director;

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	provided nothing in the Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

POWERS OF THE BOARD

Title of Article	Article Number and contents
General powers of management vested in the Board of Directors	203. The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act or by the Memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid Articles, as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. Provided that the Board shall not, except with the consent of the Company in General Meeting :- (a) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking; (b) remit, or give time for the repayment of, any debut due by a Director, (c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition or any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time; (d) borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose; (e) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Act during the three financial years immediately preceding whichever is greater, provided that the Company in the General Meeting or the Board of Directors shall not contribute any amount to any political party or for any political purposes to any individual or body; (i) Provided that in respect of the matter referred to in clause (d) and clause (e) such consent shall be obtained by a resolution of the Company which shall specify the total amount upto which moneys may be borrowed by the Board under clause (d) of as the case may be total amount which may be contributed to charitable or other funds in a financial year under clause (e) (ii) Provided further that the expression "temporary loans" in clause (d) above shall mean loans repayable on demand or within six months from the date of the loan such as short term cash credit arrangements, the

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	discounting of bills and the issue of other short term loans of a seasonal character, but does not include loans raised for the purpose of financing expenditure of a capital nature.
Certain powers to be exercised by the Board only at Meetings	204. (1) Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at the meeting of the Board; (a) the power to make calls, on shareholders in respect of money unpaid on their Shares, (b) the power to issue Debentures, (c) the power to borrow moneys otherwise than on Debentures, (d) the power to invest the funds of the Company, and (e) the power to make loans Provided that the Board may, by resolution passed at a Meeting, delegate to any Committee of Directors, the Managing Director, the Manager or any other principal officer of the Company, the powers specified in sub-clause (c) (d) and (e) to the extent specified below: (2) Every resolution delegating the power referred to in sub-clause (1) (c) above shall specify the total amount outstanding at any one time, upto which moneys may be borrowed by the delegate. (3) Every resolution delegating the power referred to in sub-clause (1) (d) above shall specify the total amount upto which the funds of the Company may be invested, and the nature of the investments which may be made by the delegate. (4) Every resolution delegating the power referred to in sub-clause (1) (e)above shall specify the total amount upto which loans may be made and the maximum amount of loans which may be made for each such purpose in individual cases.
Certain powers of the Board	205. Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers, that is to say, power: 1. To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company. 2. To pay and charge to the capital account of the Company any commission or interest lawfully payable thereon under the provisions of Sections 76 and 208 of the Act. 3. Subject to Section 292 and 297 and other provisions applicable of the Act to purchase or otherwise acquire for the Company any property, right or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.

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	4. At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in share, bonds, debentures, mortgages, or otherwise securities of the Company, and any such Shares may be issued either as fully paid-up or with such amount credited as paid-up thereon as may be agreed upon and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged. 5. To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit. 6. To accept from any Member, as far as may be permissible by law to a surrender of his Shares or any part thereof, on such terms and conditions as shall be agreed. 7. To appoint any person to accept and hold in trust for the Company any property belonging to the Company, in which it is interested, or for any other purpose and to execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees. 8. To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due and of any claim or demands by or against the Company and to refer any differences to arbitration and observe and perform any awards made thereon either according to Indian law or according to foreign law and either in India or abroad and to observe and perform or challenge any award made thereon. 9. To act on behalf of the Company in all matters relating to bankruptcy and insolvency, winding up and liquidation of companies. 10. To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company. 11. Subject to the provisions of Sections 291, 292, 295, 370,372 and all other applicable provisions of the Act, to invest and deal with any moneys of the Company not immediately required for the purpose thereof upon such security (not being Shares of this Company), or without security and in such manner as they may think fit and from time to time vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name. 12. To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.

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	13. To open bank account and to determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose. 14. To distribute by way of bonus amongst the staff of the Company a Share or Shares in the profits of the Company and to give to any, Director, officer or other person employed by the Company a commission on the profits of any particular business or transaction, and to charge such bonus or commission as a part of the working expenses of the Company. 15. To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwelling or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing, to provide other associations, institutions, funds or trusts and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit and subject to the provision of Section 293(1)(e) of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of the public and general utility or otherwise. 16. Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to depreciation fund, or to an insurance fund, or as reserve fund or any special fund to meet contingencies or to repay redeemable preference shares or debentures or debenture stock, or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purpose referred to in the preceding clause), as the Board may in their absolute discretion, think conducive to the interest of the Company and subject to Section 292 of the Act, to invest several sums so set aside or so much thereof as required to be invested, upon such investments (other than Shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any such part thereof for the benefit of the Company, in such a manner and for such purposes as the Board in their absolute discretion, think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same or any part thereof or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the general reserve or reserve fund into such special funds as the Board may think fit with full power to transfer the whole or any portion of reserve fund or division of a reserve fund and with full power to employ the assets constituting all or any of the above funds, including the depreciation fund, in the business of the Company or in the purchase or repayment of redeemable preference shares or debentures or debenture stock, and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power however, to the Board at their discretion to pay or allow to the

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	credit of such funds interest at such rate as the Board may think proper. 17. To appoint, and at their discretion, remove or suspend, such general managers, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisors, research workers, labourers, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit and to determine their powers and duties, and fix their salaries or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit. And also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think and the provisions contained in the four next following sub-clauses shall be without prejudice to the general conferred by this sub-clause. 18. To appoint or authorize appointment of officers, clerks and servants for permanent or temporary or special services as the Board may from time to time think fit and to determine their powers and duties and to fix their salaries and emoluments and to require securities in such instances and of such amounts as the Board may think fit and to remove or suspend any such officers, clerks and servants. Provided further that the Board may delegate matters relating to allocation of duties, functions, reporting etc. of such persons to the Managing Director or Manager. 19. From time to time and at any time to establish any local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of such local Boards, and to fix their remuneration or salaries or emoluments. 20. Subject to Section 292 of the Act, from time to time and at any time to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board, other than their power to make calls or to make loans or borrow money, and to authorise the members for the time being of any such local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms and subject to such terms and subject to such conditions as the Board may think fit, and Board may at any time remove any person so appointed, and may annul or vary any such delegation. 21. At any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or person to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and subject to the provisions of Section 292 of the Act) and for such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board thinks fit) be made in favour of any company, or the shareholders, directors, nominees, or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and such Power of Attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers

Title of Article	Article Number and contents
	authorities and discretions for the time being vested in them. 22. Subject to Sections 294 and 297 and other applicable provisions of the Act, for or in relation to any of the matters aforesaid or, otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient. 23. From time to time to make, vary and repeal bye-laws for the regulations of the business of the Company, its officers and servants. 24. To purchase or otherwise acquire any land, buildings, machinery, premises, hereditaments, property, effects, assets, rights, credits, royalties, business and goodwill of any joint stock company carrying on the business which the Company is authorized to carry on in any part of India. 25. To purchase, take on lease, for any term or terms of years, or otherwise acquire any factories or any land or lands, with or without buildings and out-houses thereon, situated in any part of India, at such price or rent and under and subject to such terms and conditions as the Directors may think fit. And in any such purchase, lease or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory. 26. To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as it may think proper all or any part of the buildings, machinery, goods, stores, produce and other movable property of the Company, either separately or co jointly, also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power. 27. To purchase or otherwise acquire or obtain license for the use of and to sell, exchange or grant license for the use of any trade mark, patent, invention or technical know-how. 28. To sell from time to time any articles, materials, machinery, plants, stores and other articles and thing belonging to the Company as the Board may think proper and to manufacture, prepare and sell waste and by-products. 29. From time to time to extend the business and undertaking of the Company by adding, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or in the possession of the Company, or by erecting new or additional buildings, and to expend such sum of money for the purpose aforesaid or any of them as they be thought necessary or expedient. 30. To undertake on behalf of the Company any payment of rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company and to purchase the reversion or reversions, and otherwise to acquire on free hold sample of all or any of the lands of the Company for the time being held under lease or for an estate less than freehold

Title of Article	Article Number and contents
	estate. 31. To improve, manage, develop, exchange, lease, sell, resell and re-purchase, dispose off, deal or otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested. 32. To let, sell or otherwise dispose of subject to the provisions of Section 293 of the Act and of the other Articles any property of the Company, either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit and to accept payment in satisfaction for the same in cash or otherwise as it thinks fit. 33. Generally subject to the provisions of the Act and these Articles, to delegate the powers/authorities and discretions vested in the Directors to any person(s), firm, company or fluctuating body of persons as aforesaid. 34. To comply with the requirements of any local law which in their opinion it shall in the interest of the Company be necessary or expedient to comply with.

MANAGEMENT

Title of Article	***Article Number and contents***
Prohibition of simultaneous appointment of different categories of managerial personnel	206. The Company shall not appoint or employ at the same time more than one of the following categories of managerial personnel namely :- a) Managing Director and b) Manager.

MINUTES

Title of Article	Article Number and contents
Minutes to be made	207. (1) The Company shall cause minutes of all proceedings of General Meeting and of all proceedings of every meeting of the Board of Directors or every Committee thereof within thirty days of the conclusion of every such meeting concerned by making entries thereof in books kept for that purpose with their pages consecutively numbered. (2) Each page of every such books shall be initialed or signed and the last page of the record of proceedings of each Meeting in such books shall be dated and signed: (a) in the case of minutes of proceedings of a meeting of Board or of a Committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting. (b) in the case of minutes of proceeding of the General Meeting, by the Chairman of the said meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period by a Director duly authorized by the Board for the purpose.
Minutes to be evidence of	208. (a) The minutes of proceedings of every General Meeting and of the proceedings of every meeting of the Board or every Committee kept in

Title of Article	Article Number and contents
the proceeds Books of minutes of General Meeting to be kept	accordance with the provisions of Section 193 of the Act shall be evidence of the proceedings recorded therein. (b) The books containing the aforesaid minutes shall be kept at the Registered Office of the Company and be open to the inspection of any Member without charge as provided in Section 196 of the Act and any Member shall be furnished with a copy of any minutes in accordance with the terms of that Section.
Presumptions	209. Where the minutes of the proceedings of any General Meeting of the Company or of any meeting of the Board or of a Committee of Directors have been kept in accordance with the provisions of Section 193 of the Act, until the contrary is proved, the meeting shall be deemed to have been duly called and held, all proceedings thereat to have been duly taken place and in particular all appointments of Directors or Liquidators made at the meeting shall be deemed to be valid.

THE SECRETARY

Title of Article	Article Number and contents
Secretary	210. The Directors may from time to time appoint, and at their discretion, remove any individual, (hereinafter called "the Secretary") to perform any functions, which by the Act are to be performed by the Secretary, and to execute any other ministerial or administrative duties, which may from time to time be assigned to the Secretary by the Directors. The Directors may also at any time appoint some person (who need not be the Secretary) to keep the registers required to be kept by the Company. The appointment of Secretary shall be made according to the provisions of the Companies (Appointment and Qualifications of Secretary) Rules, 1988.
The Seal, its custody and use	211. (a) Seal The Board shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof. (b) Common Seal for use outside India The Board may for the purpose of use of the Common Seal outside India, cause a facsimile of the Common Seal to be made and authorize the use of it in the manner provided under Section 50 of the Companies Act, 1956 (c) Safe Custody of Seal The Common Seal shall be in the safe custody of the Director or the Secretary for the time being of the Company. (d) Affixing of Seal on deeds and instruments' On every deed or instrument on which the Common Seal of the Company is required to be affixed, the Seal be affixed in the presence of a Director or a Secretary or any other person or persons Authorised in this behalf by the Board, who shall sign every such deed or instrument to which the Seal shall be affixed. (e) Affixing of Seal on Share Certificates

Title of Article	Article Number and contents
	Notwithstanding anything contained in Clause (d) above, the Seal on Share Certificates shall be affixed in the presence of such persons as are Authorised from time to time to sign the Share Certificates in accordance with the provisions of the Companies (Issue of Share Certificates) Rules in force for the time being. (f) Removal of Common Seal outside the office premises The Board may authorize any person or persons to carry the Common Seal to any place outside the Registered Office inside or outside for affixture and for return to safe custody to the Registered Office.

DIVIDENDS AND CAPITALISATION OF RESERVES

Title of Article	**Article Number and contents**
Division of profits	212. (a) 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 Share in the Company, dividends may be declared and paid according to the amounts of the Shares; (b) No amount paid or credited as paid on a Share in advance of calls shall be treated for the purpose of this Article as paid on the Shares.
The Company at General Meeting may declare dividend	213. The Company in General Meeting may declare dividends, to be paid to Members according to their respective rights and interest in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 207 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors. However, the Company may declare a smaller dividend than that recommended by the Board in General Meeting.
Dividends out of profits only	214. No dividend shall be payable except out of profits of the Company arrived at the manner provided for in Section 205 of the Act.
Interim dividend	215. The Board of Directors may from time to time pay to the Members such interim dividends as in their judgment the position of the Company justifies.
Debts may be deducted	216. (a) The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists. (b) The Board of Directors may retain the dividend payable upon Shares in respect of which any person is, under the Transmission Article, entitled to become a Member or which any person under that Article is entitled to transfer until such person shall become a Member or shall duly transfer the same.
Capital paid-up in advance to carry interest, not the right to earn dividend	217. Where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to dividend or to participate in profits.
Dividends in proportion to amounts paid-up	218. 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 provided that it shall rank for dividends as from a

Title of Article	Article Number and contents
	particular date such Share shall rank for dividend accordingly.
No Member to receive dividend while indebted to the Company and the Company's right in respect thereof	219. No Member shall be entitled to receive payment of any interest or dividend or bonus in respect of his Share or Shares, whilst any money may be due or owing from him to the Company in respect of such Share or Shares (or otherwise however either alone of jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend to any Member all such sums of money so due from him to the Company.
Effect of transfer of Shares	220. A transfer of Shares shall not pass the right to any dividend declared therein before the registration of the transfer.
Dividend to joint holders	221. Any one of several persons who are registered as joint holders of any Shares may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such Shares.
Dividend how remitted	222. The dividend payable in cash may be paid by cheque or warrant sent through post directly to registered address of the shareholder entitled to the payment of the dividend or in 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. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transit or for any dividend lost, to the Member or person entitled thereto by forged endorsement of any cheque or warrant or forged signature on any pay slip or receipt or the fraudulent recovery of the dividend by any other means.
Notice of dividend	223. Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holders of Share in the manner herein provided.
Reserves	224. The Directors may, before recommending or declaring any dividend set aside out of the profits of the Company such sums as they think proper as reserve or reserves, which shall, at the discretion of the Directors, be applicable for meeting contingencies or for any other purposes to which the profits of the Company may be properly applied 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 Directors may from time to time think fit.
Dividend to be paid within time required by law.	225. The Company shall pay the dividend, or send the warrant in respect thereof to the shareholders entitled to the payment of dividend, within such time as may be required by law from the date of the declaration unless:- (a) where the dividend could not be paid by reason of the operation on any law; or (b) where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with; or (c) where there is dispute regarding the right to receive the dividend; or (d) where the dividend has been lawfully adjusted by the Company against any sum due to it from shareholder; or (e) where for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.

Title of Article	Article Number and contents
Unpaid or unclaimed dividend	226. **Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, to any shareholder entitled to the payment of dividend, the Company shall within seven days from the date of expiry of the said period of thirty days, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of thirty days, to a special account to be opened by the Company in that behalf in any scheduled bank, to be called "C. Mahendra Exports Limited _____ *(year)* Unpaid Dividend Account".** **Any money transferred to the unpaid dividend account of a company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the company to the Fund known as Investor Education and Protection Fund established under section 205C of the Act.** No unclaimed or unpaid divided shall be forfeited by the Board.
Set-off of calls against dividends	227. Any General Meeting declaring a dividend may on the recommendation of the Directors make a call on the Members of such amount as the Meeting fixes but so that the call on each Member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend, and the dividend may, if so arranged between the Company and the Members, be set off against the calls.
Dividends in cash	228. No dividends shall be payable except in cash, provided that nothing in this Article shall be deemed to prohibit the capitalisation of the profits or reserves of the Company for the purpose of issuing fully paid up bonus Shares or paying up any amount for the time being unpaid on any Shares held by Members of the Company.
Capitalisation	229. (1)The Company in General Meeting may, upon the recommendation of the Board, resolve: (a) That is desirable to capitalise any part of the amount for the time being standing to the credit 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) amongst the Members who would have been entitled thereto, if distributed by way of dividend and in the same proportion. (2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provisions contained in clause (3) either in or towards; (a) paying up any amount for the time being unpaid on any Shares held by such Members respectively, or (b) paying up in full unissued Shares of the Company to be allocated and distributed, credited as fully paid up, to and amongst Members in the proportion aforesaid, or (c) partly in the way specified in sub clause (a) and partly in that specified in sub-clause(b) (3) A security premium account and capital redemption reserve account may, for the purpose of this Article, only be applied in the paying up of unissued Shares to be issued to Members of the Company as fully paid bonus shares.
Board to give effect	230. The Board shall give effect to the resolution passed by the Company in pursuance of above Article.

Title of Article	Article Number and contents
Fractional certificates	231. (1) Whenever such a resolution as aforesaid shall have been passed, the Board shall; (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issues of fully paid Shares and (b) Generally do all acts and things required to give effect thereto. (2)The Board shall have full power: (a) to make such provision by the issue of fractional cash certificate or by payment in cash or otherwise as it thinks fit, in the case of Shares becoming distributable in fractions, also (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 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 thereof of the respective proportions of the profits resolved to be capitalised of the amounts remaining unpaid on their existing Shares. (3) Any agreement made under such authority shall be effective and binding on all such Members. (4)That for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any question or difficulties that may arise in regard to any issue including distribution of new Shares and fractional certificates as they think fit.

ACCOUNTS

Title of Article	Article Number and Contents
Books to be kept	232. (1) The Company shall keep at its Registered Office proper books of account as would give a true and fair view of the state of affairs of the Company or its transactions with respect to: (a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place (b) all sales and purchases of goods by the Company (c) the assets and liabilities of the Company and (d) if so required by the Central Government, such particulars relating to utilisation of material or labour or to other items of cost as may be prescribed by the Government Provided that all or any of the books of account aforesaid may be kept at such other place in India as the Board of Directors may decide and when the Board of Directors so decides the Company shall within seven days of the decision file with the Registrar a notice in writing giving the full address of that other place. (2)Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with the provisions of clause (1) if proper books of account relating to the transaction effected

	at the branch are kept at that office and proper summarised returns, made upto date at intervals of not more than three months, are sent by the branch office to the Company at its Registered Office or the other place referred to in sub-clause (1). The books of accounts and other books and papers shall be open to inspection by any Director during business hours.
Inspection by Members	233. No Members (not being a Director) shall have any right of inspecting any account books or documents of the Company except as allowed by law or authorised by the Board.
Statements of accounts to be furnished to General Meeting	234. The Board of Directors shall from time to time in accordance with Sections 210, 211, 212, 216 and 217 of the Act, cause to be prepared and laid before each Annual General Meeting a profit and loss account for the financial year of the Company and a balance sheet made up as at the end of the financial year which shall be a date which shall not precede the day of the Meeting by more than six months or such extended period as shall have been granted by the Registrar under the provisions of the Act.
Right of Members or others to copies of balance sheet and Auditors' report and statement under Section 219	235. (1) The Company shall comply with the requirements of Section 219 of the Act. (2) The copies of every balance sheet including the Profit & Loss Account, the Auditors' Report and every other document required to be laid before the Company in General Meeting shall be made available for inspection at the Registered Office of the Company during working hours for a period of 21 days before the Annual General Meeting. A statement containing the salient features of such documents in the prescribed form or copies of the documents aforesaid, as the Company may deem fit will be sent to every Member of the Company and to every trustee of the holders of any Debentures issued by the Company not less than 21 days before the date of the Meeting.
Accounts to be audited	236. Once at least in every year the accounts of the Company shall be examined, balanced and audited and the correctness of the profit and loss Account and the balance sheet ascertained by one or more Auditor or Auditors.
Appointment of Auditors	237. (1) Auditors shall be appointed and their qualifications, rights and duties regulated in accordance with Section 224 to 229 and 231 of the Act. (2) The Company shall at each Annual General Meeting appoint an Auditor or Auditors to hold office from conclusion of that Meeting until the conclusion of the next Annual General Meeting and shall within seven days of the appointment give intimation thereof to the Auditor so appointed unless he is a retiring Auditor. (3) At any Annual General Meeting a retiring Auditor by whatsoever authority appointed shall be reappointed unless: (a) he is not qualified for re-appointment; (b) he has given to the Company notice in writing of his unwillingness to be re-appointed; (c) a resolution has been passed at that Meeting appointing some body instead of him or providing expressly that he shall not be re-appointed; or

	(d) where notice has been given of an intended resolution to appoint some person or persons in the place of retiring Auditor, and by reason of the death, incapacity or disqualification of that person or of all those persons as the case may be, the resolution cannot be proceeded with. (4) Where at any Annual General Meeting no Auditors are appointed or re-appointed, the Central Government may appoint a person to fill the vacancy. (5)The Company shall within seven days of the central government's power under sub-clause (4) becoming exercisable give notice of that fact to that Government. (6) The Directors may fill any casual vacancy in the office of Auditors, but while any such vacancy continues, the surviving or continuing Auditor or Auditors (if any) may act but where such vacancy is caused by the resignation of art Auditor, the vacancy shall only be filled by the Company in General Meeting. (7) A person, other than a retiring Auditor, shall not be capable of being appointed at an Annual General Meeting unless a special notice of a resolution for appointment of that person to the office of Auditor has been given by a Member to the Company not less than fourteen days before the Meeting in accordance with Section 190 of the Act and the Company shall send a copy of any such notice to retiring Auditor and shall give notice thereof, to the Members in accordance with Section 190 of the Act and all the other provisions of Section 225 of the Act shall apply in the matter. The provisions of this sub-clause shall also apply to a resolution that retiring Auditor shall not be re-appointed.
Accounts when audited and approved to be conclusive except as to errors discovered within 3 months	238. Every account when audited and approved by a General Meeting shall be conclusive except as regards any errors discovered therein within the next three months after the approval thereof. Whenever any such error is discovered within that period, the account shall be corrected, and amendments effected by the Directors in pursuance of this Article shall be placed before the Members in General Meeting for their consideration and approval and, on such approval, shall be conclusive.

DOCUMENTS AND NOTICES

Title of Article	Article Number and Contents
To whom documents must be served or given	239. Document or notice of every Meeting shall be served or given on or to (a) every Member (b) every person entitled to a Share in consequence of the death or insolvency of a Member and (c) the Auditor or Auditors for the time being of the Company, PROVIDED that when the notice of the Meeting is given by advertising the same in newspaper circulating in the neighborhood of the office of the Company under Article 109, a statement of material facts referred to in Article 100 need not be annexed to the notice, as is required by that Article, but it shall merely be mentioned in the advertisement that the statement has been forwarded to the Members of the Company.
Members bound by documents or notices served on or given to previous holders	240. Every person, who by operation of law, transfer or other means whatsoever, shall become entitled to any Share, shall be bound by every document or notice in respect of such Share, which prior to his name and address being entered in the Register of Members shall have been duly served on or given to the person from whom he derived, his title to such Share.
Service of	241. A document may be served on the Company or an officer thereof by

documents on the Company	sending it to the Company or officer at the Registered Office of the Company by post under a certificate of posting or by registered post or by leaving it at its Registered Office.
Authentication of documents and proceedings	242. Save as otherwise expressly provided in the Act, a document or proceedings requiring authentication by the Company may be signed by a Director, the Managing Director, or the Secretary or other authorised officer of the Company and need not be under the Seal of the Company.

REGISTERS AND DOCUMENTS

Title of Article	Article Number and Contents
Registers and documents to be maintained by the Company	243. The Company shall keep and maintain registers, books and documents required by the Act or these Articles, including the following: (a) Register of investments made by the Company but not held in its own name, as required by Section 49(7) of the Act (b) Register of mortgages and charges as required by Section 143 of the Act and copies of instruments creating any charge requiring registration according to Section 136 of the Act. (c) Register and index of Members and debenture holders as required by Sections 150, 151 and 152 of the Act. (d) Foreign register, if so thought fit, as required by Section 157 of the Act (e) Register of contracts, with companies and firms in which Directors are interested as required by Section 301 of the Act. (f) Register of Directors and Secretaries etc. as required by Section 303 of the Act. (g) Register as to holdings by Directors of Shares and/or Debentures in the Company as required by Section 307 of the Act. (h) Register of investments made by the Company in Shares and Debentures of the bodies corporate in the same group as required by Section 372(2) of the Act. (i) Copies of annual returns prepared under Section 159 of the Act together with the copies of certificates and documents required to be annexed thereto under Section 161 of the Act. (j) Register of loans, guarantees, or securities given to the other companies under the same management as required by Section 370 of the Act.
Inspection of Registers	244. The registers mentioned in clauses (f) and (i) of the foregoing Article and the minutes of all proceedings of General Meetings shall be open to inspection and extracts may be taken therefrom and copies thereof may be required by any Member of the Company in the same manner to the same extent and on payment of the same fees as in the case of the Register of Members of the Company provided for in clause (c) thereof. Copies of entries in the registers mentioned in the foregoing article shall be furnished to the persons entitled to the same on such days and during such business hours as may be consistent with the provisions of the Act in that behalf as determined by the Company in General Meeting.

WINDING UP

Title of Article	Article Number and Contents
Distribution of assets	245. If the Company shall be wound up, and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the Members in the proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up, on the Shares held by them respectively, and if in the winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the Shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of Shares issued upon special terms and conditions.
Distribution in specie or kind	246. (a) If the Company shall be wound up, whether voluntarily or otherwise, the Liquidator may, with the sanction of a Special Resolution, divide amongst the contributories in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them, as the liquidator, with the like sanction, shall think fit. (b) If thought expedient any such division may subject to the provisions of the Act be otherwise than in accordance with the legal rights of the contributions (except where unalterably fixed by the Memorandum of Association and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories, shall be determined on any contributory who would be prejudicial thereby shall have a right to dissent and ancillary rights as if such determination were a Special Resolution passed pursuant to Section 494 of the Act. (c) In case any Shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said Shares may within ten days after the passing of the Special Resolution by notice in writing direct the Liquidator to sell his proportion and pay him the net proceeds and the Liquidator shall, if practicable act accordingly.
Right of shareholders in case of sale	247. A Special Resolution sanctioning a sale to any other Company duly passed pursuant to Section 494 of the Act may subject to the provisions of the Act in like manner as aforesaid determine that any Shares or other consideration receivable by the liquidator be distributed against the Members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the Members subject to the rights of dissent and consequential rights conferred by the said sanction.
Directors and others right to indemnity	248. Subject to the provisions of Section 201 of the Act, every Director of officer, or servant of the Company or any person (whether an officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors, out of the funds of the Company to pay all costs, charges, losses and damages which any such person may incur or become liable to pay by reason of any contract entered into or any act, deed, matter or

Title of Article	Article Number and Contents
	thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act, neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such Director, officer or Auditor or other office of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favour, or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.
Director, officer not responsible for acts of others	249. Subject to the provisions of Section 201 of the Act no Director, Auditor or other officer of the Company shall be liable for the acts, receipts, neglects, or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of the title to any property acquired by order of the Directors for on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested for any loss or damages arising from the insolvency or tortuous act of any person, firm or Company to or with whom any moneys, securities or effects shall be entrusted or deposited or any loss occasioned by any error of judgment, omission, default or oversight on his part of for any other loss, damage, or misfortune whatever shall happen in relation to execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.

SECRECY CLAUSE

Title of Article	Article Number and Contents
Secrecy Clause	250. Every Director/Manager, Auditor, treasurer, trustee, member of a committee, officer, servant, agent, accountant or any other person-employed in the business of the Company shall, if so required by the Director, before entering upon his duties, sign a declaration pledging himself, to observe a strict secrecy respecting all transactions and affairs of the Company with the Company customers and the state of the accounts with individuals and in matter thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in discharge of his duties except when required to do so by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.
No Member to enter the premises of the Company without permission	251. No Member or other person (not being a Director) shall be entitled to visit or inspect any property or premises of the Company without the permission of the Board of Directors or Managing Director, or to inquire discovery of or any information respecting any details of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process or any other matter which relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.

SECTION X - 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 contracts entered into more than two (2) years before the date of filing of the 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 Draft Red Herring Prospectus will be delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the Corporate Office of our Company located at A-5/6, Nagindas Mansion, 3rd Floor, 57-61, J.S.S. Road, Opera House, Mumbai- 400 004, Maharashtra, India from 10.00 a.m. to 4.00 p.m. on working days from the date of filing of the Draft Red Herring Prospectus until the date of closure of this Issue.

Material Contracts

1. Letter of Engagement dated February 15, 2010 among our Company and the BRLMs offering their services to act as BRLMs and Company's acceptance thereto.

2. Memorandum of Understanding dated March 25, 2010 between us and the BRLMs.

3. Memorandum of Understanding dated March 25, 2010 between us and Link Intime Spectrum Registry Limited as Registrar to this Issue.

4. Escrow Agreement dated [●] between us, the BRLMs, Escrow Bankers, Syndicate Member and the Registrar to this Issue.

5. Syndicate Agreement dated [●] between us, BRLMs, and the Syndicate Member.

6. Underwriting Agreement dated [●] between us, BRLMs, and the Syndicate.

Material Documents

1. The Memorandum and Articles of Association of our Company, as amended from time to time.

2. Fresh Certificate of Incorporation issued to our Company, pursuant to the change of name from "C. Mahendra Exports Private Limited" to "C. Mahendra Exports Limited" dated March 14, 2007, on change of name consequent to conversion from private to public company that is, from C. Mahendra Exports Private Limited into C. Mahendra Exports Limitedwith CIN U27205MH2007PLC166717, issued by the Registrar of Companies, Maharashtra.

3. Extraordinary General Meeting resolution dated [*] and the resolution of the Board dated [*] authorizing this Issue.

4. Report of the Statutory Auditors dated [•] from M/s. Suresh Surana & Associates for the restated financial statements of our Company for the years / period ended March 31, 2005, 2006, January 03, 2007, March 31, 2007, March 31 2008, March 31, 2009 and for the six (6) months period ended September 30, 2009 along with the annual reportys for the said periods.

5. Copy of the tax benefit report dated [*] of M/s. Suresh Surana & Associates.

6. Consents in writing of: our Directors; our Company Secretary and Compliance Officer; the Auditors; Bankers to our Company; BRLMs, Syndicate members*; Registrar to the Issue; Legal Advisor to the Issue; IPO Grading Agency*;Refund Bank(s)*to act in their respective capacities.

   * The aforesaid will be appointed and their consents as above would be obtained prior to filing the Red Herring Prospectus with the RoC

7. Certified true copies of General meeting resolutions appointing/varying the terms of current appointment of all our whole-time Directors.

8. Employment agreement of Mr. Mahendra C. Shah, Mr. Champaklal K. Mehta, Mr. Sandeep M. Shah dated February 28, 2008

9. Applications under Section 314(1B) of the Companies Act dated May 29, 2008 for payment of remuneration to related key managerial personnel

10. Initial listing applications dated [●] and [●] filed with the BSE and the NSE

11. In-principle listing approvals from BSE dated [●] and the NSE dated [●].

12. Tripartite agreement among the NSDL, our Company and Intime Spectrum Registry Limited dated May 12, 2008.

13. Tripartite agreement among the CDSL, our Company and Intime Spectrum Registry Limited dated July 23, 2008.

14. Due Diligence Certificate dated March 29, 2010 to SEBI from the BRLMs.

15. Consent from [●] for inclusion of their name in the Draft Red Herring Prospectus for as the IPO Grading Agency and for inclusion of their report in the form and context in which they appear in the Draft Red Herring Prospectus.

15. SEBI observation letter no. [●] dated [●].

Any of the contracts or documents mentioned in the Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We, the Directors, hereby certify and declare that, all the relevant provisions of the Companies Act, and the guidelines issued by the Government of India and / or the regulations / guidelines issued by the Securities and Exchange Board of India, as applicable, have been complied with and no statement made in the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India Act, 1992 or rules, regulations or guidelines issued thereunder, as the case may be. We further certify that all the disclosures and statements made in the Draft Red Herring Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS OF C MAHENDRA EXPORTS LIMITED

Mahendra C Shah Executive Chairman **DIN: 00039077**	**Champaklal K Mehta** Managing Director **DIN: 00050883**
Sandeep M Shah Whole time Director **DIN: 00051682**	**Vittala S Hegde** Independent Director **DIN: 01243655**
Shailesh S Vaidya Independent Director **DIN: 00002273**	**Kailashchandra C Chowdhary** Independent Director **DIN: 01687337**

SIGNED BY THE MANAGING DIRECTOR
Champaklal K. Mehta

SIGNED BY THE CHIEF FINANCE OFFICER
Mr. Babulal Virchandbhai Virvadia

SIGNED BY THE COMPANY SECRETARY AND COMPLIANCE OFFICER
Mandar Ranade

Date: March 29, 2010
Place: Mumbai