GAUTAM GEMS LIMITED

Corporate Identification Number: L36911GJ2014PLC078802

Our Company was originally incorporated as "Gautam Gems Private Limited" on February 18, 2014 under the Companies Act, 1956 vide certificate of incorporation issued by the Registrar of Companies, Gujarat, Dadra and Nagar Havelli. Subsequently, Our Company was converted in to a public company and consequently name was changed to "Gautam Gems Limited" (GGL) vide fresh certificate of incorporation dated August 16, 2017 issued by Registrar of Companies, Gujarat, Dadra and Nagar Havelli.

Registered Office: 3rd Floor, Office – 301, Sumukh, Super Compound, Vasta Devadi Road, Katargam, Surat 395004, Gujarat, India;
Tel. No.: +91 261 2538046; **Email:** complianceggl@gmail.com; **Website**: www.gautamgems.com;
Contact Person: Mr. Anilbhai Keshubhai Modhavadiya, Company Secretary & Compliance Officer

OUR PROMOTERS ARE: MR. GAUTAM P. SHETH AND MRS. NIDHI G. SHETH

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF GAUTAM GEMS LIMITED (THE "COMPANY" OR THE "ISSUER") ONLY

ISSUE OF UP TO 4,02,68,236 (FOUR CRORES TWO LAKHS SIXTY EIGHT THOUSAND TWO HUNDRED AND THIRTY-SIX) EQUITY SHARES WITH A FACE VALUE OF ₹10 EACH ("RIGHTS EQUITY SHARES") OF OUR COMPANY FOR CASH AT A PRICE OF ₹11/- (RUPEES ELEVEN ONLY) EACH INCLUDING A SHARE PREMIUM OF ₹1/- (RUPEE ONE ONLY) PER RIGHTS EQUITY SHARE ("ISSUE PRICE") FOR AN AGGREGATE AMOUNT UP TO ₹44,29,50,596 (FORTY FOUR CRORES TWENTY NINE LAKHS FIFTY THOUSAND FIVE HUNDRED AND NINETY SIX ONLY) ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 4 (FOUR) RIGHTS EQUITY SHARES FOR EVERY 1 (ONE) FULLY PAID-UP EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON THURSDAY 01ST SEPTEMBER, 2022 (THE "ISSUE"). THE ISSUE PRICE FOR THE RIGHTS EQUITY SHARES IS 1.1 TIMES THE FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, SEE "TERMS OF THE ISSUE" ON PAGE 159.

PAYMENT METHOD FOR THE ISSUE

AMOUNT PAYABLE PER RIGHT SHARE	FACE VALUE	PREMIUM	TOTAL
On Application	2.5	0.25	2.75
One or more subsequent call(s) as determined by our Board at its sole discretion, from time to time	7.50	0.75	8.25
Total	**10**	**1**	**11**

For further details on Payment Schedule, see "Terms of the Issue" on page 159

WILFUL DEFAULTER OR FRAUDULENT BORROWER

Neither our Company nor any of our Promoters or Directors has been categorized as a Willful Defaulter or Fraudulent Borrowers by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on Willful Defaulter(s) issued by the Reserve Bank of India.

GENERAL RISK

Investment 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 with such 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 Rights Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**") nor does SEBI guarantee the accuracy or adequacy of the contents of this Document. Specific attention of investors is invited to the statement of "Risk Factors" on page 21 before making an investment in this Issue.

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to our Company and the Issue which is material in the context of the Issue, that the information contained in this Letter of Offer 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 make this Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares are listed on the BSE Limited ("**BSE**") (the "**Stock Exchange**"). Our Company has received 'in-principle' approval from the BSE for listing the Rights Equity Shares to be allotted pursuant to this Issue vide their letters dated September 9, 2022 respectively. Our Company will also make an application to the Stock Exchanges to obtain the trading approval for the Rights Entitlements as required under the SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2020/13) dated January 22, 2020. For the purpose of this Issue, the Designated Stock Exchange is BSE.

REGISTRAR TO THE ISSUE

KFINTECH
EXPERIENCE TRANSFORMATION

KFIN Technologies Limited
Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi -500 032, Telangana, India
Tel No +91 40 6716 2222,
Toll Free No. 1800 309 4001
E-mail: gautamgems.rights@kfintech.com
Investor Grievance Email: einward.ris@kfintech.com
Website: www.kfintech.com
Contact Person: Mr. M Murali Krishna
SEBI Registration No.: INR000000221

ISSUE PROGRAMME

ISSUE OPENS ON: 15TH SEPTEMBER, 2022 (THURSDAY)	LAST DATE FOR ON MARKET RENUNCIATION*: 26TH SEPTEMBER, 2022 (MONDAY)	ISSUE CLOSES ON#: 30TH SEPTEMBER, 2022 (FRIDAY)

** Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*
 # Our Board or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Letter of Offer uses certain definitions and abbreviations which, unless the context otherwise indicates or implies or unless otherwise specified, shall have the meaning as provided below, which you should consider when reading the information contained herein.

References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies as amended, supplemented, or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

The words and expressions used in this Letter of Offer, but not defined herein shall have, to the extent applicable, the meaning ascribed to such terms under the SEBI ICDR Regulations, the Companies Act, the SCRA, the Depositories Act, and the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in "Statement of Special Tax Benefits" and "Financial Statements" beginning on pages 56 and 89, respectively, shall have the meaning given to such terms in such sections.

I. GENERAL TERMS

Gautam Gems Limited/ GAUTAM GEMS / GGL / The Company/ Company/ We/ Us/ Our/ our Company/ the Issuer Company	Unless the context otherwise indicates or implies refers to Gautam Gems Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 with its registered office at 3rd Floor, Office – 301, Sumukh, Super Compound, Vasta Devadi Road, Katargam, Surat 395004, Gujarat, India.

II. COMPANY RELATED TERMS

TERM	DESCRIPTION
Act/ Companies Act	The Companies Act, 2013 and Companies Act, 1956 to the extent applicable.
Articles / Articles of Association / AoA	The Articles of Association of our Company, as amended from time to time
Auditor / Statutory Auditor	The statutory auditor of our Company, being M/s. Bhagat & Co., Chartered Accountants
Board/ Board of Directors	Board of Directors of our Company, including any committees thereof
Chairman & Managing Director	Chairman & Managing Director of our Company, being Mr. Gautam Pravinchandra Sheth
Chief Financial Officer	Chief financial officer of our Company, being Mr. Samir Lalitbhai Shah
Company Secretary & Compliance Officer	Company Secretary & Compliance Officer of our Company in this case being, Mr. Anilbhai Keshubhai Modhavadiya
Corporate Promoters	The Company does not have any Corporate Promoters
Director(S)	The Director(s) on the Board of our Company, unless otherwise specified
Equity Shareholder	A holder of Equity Shares
Equity Shares	The equity shares of our Company of a face value of ₹ 10 each, unless otherwise specified in the context thereof.
ESOS	Gautam Gems Limited does not have any Stock Option Scheme with its employees
Group Companies	Gautam Gems (Proprietorship), is the only Promoter Group Company of our Company, as determined in terms of the SEBI ICDR Regulations.
Independent Director(s)	The Independent Director(s) of our Company, in terms of Section 2(47) and Section 149(6) of the Companies Act and Regulation 16(1)(b) of the SEBI Listing Regulations.
Key Management Personnel / KMP	Key management/ managerial personnel of our Company in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations and as described in "Our Management – Key Managerial Personnel" on page no. 78
Memorandum / Memorandum of Association / MoA	Memorandum of association of our Company, as amended from time to time
Promoter(s)	The Promoters of our Company, Viz., Mr. Gautam Pravinchandra Sheth And Mrs. Nidhi Gautam Sheth

Promoter Group	Persons and entities forming part of the promoter group of our Company as determined in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations and as disclosed by our Company in the filings made with the Stock Exchange under the SEBI Listing Regulations.
Registered Office	The registered office of our Company located at 3rd Floor, Office – 301, Sumukh, Super Compound, Vasta Devadi Road, Katargam, Surat 395004, Gujarat, India
Registrar of Companies/ RoC	The Registrar of Companies situated at ROC Bhavan, Opp Rupalben Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad-380013, Gujarat, India
Shareholders / Equity Shareholder	The equity shareholders of our Company, from time to time
Statutory Auditors	The current statutory auditors of our Company, Viz., M/s. Bhagat & Co., Chartered Accountants
Subsidiaries	Our Company has no Subsidiary as on this date of filing of this Letter of Offer.

III. ISSUE RELATED TERMS

TERM	DESCRIPTION
Abridged Letter of Offer / ALOF	The abridged letter of offer to be sent to the Eligible Equity Shareholders of our Company with respect to this Issue in accordance with the SEBI ICDR Regulations and the Companies Act.
Additional Rights Equity Shares	The Rights Equity Shares applied or allotted under this Issue in addition to the Rights Entitlement.
Allot / Allotted / Allotment	Unless the context otherwise requires, the allotment of Rights Equity Shares pursuant to the Issue.
Allotment Accounts	The accounts opened with the Bankers to this Issue, into which the Application Money lying credit to the Escrow Account and amounts blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act.
Allotment Account Bank	The account opened with the Banker to the Issue, into which the Application Money lying to the credit of the escrow account(s) and Application amounts by ASBA blocked in the ASBA account, with respect to successful investors will be transferred on the transfer date in accordance with Section 40(3) of the Companies Act.
Allotment Advice	Note, advice or intimation of Allotment sent to each successful Applicant who has been or is to be Allotted the Rights Equity Shares pursuant to the issue.
Allotment Date	Date on which the Allotment is made pursuant to this Issue.
Allottee(s)	Persons to whom the Rights Equity Shares are Allotted pursuant to the Issue
Applicant(s) / Investor(s)	Eligible Equity Shareholder(s) and/or Renouncees who are entitled to make an application for the Equity Shares in terms of this Letter of Offer.
Application	Application made through submission of the Application Form or plain paper Application to the Designated Branch of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process to subscribe to the Rights Equity Shares at the Issue Price.
Application Form	Unless the context otherwise requires, an application form (including online application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Applicant to make an application for the Allotment of Rights Equity Shares in this Issue.
Application Money	Aggregate amount payable at the time of Application, i.e., Rs. 2.75 (inclusive of premium of Rs. 0.75 per Equity Shares) per Rights Equity Shares applied for in the Issue
Application Supported by Blocked Amount / ASBA	The application (whether physical or electronic) used by an Applicant(s) to make an application authorizing the SCSB to block the amount payable on application in their ASBA Account maintained with such SCSB
ASBA Account	An account maintained with an SCSB and as specified in the Application Form or plain paper Application, as the case may be, by the Applicant for blocking the amount mentioned in the Application Form or in the plain paper Application

ASBA Applicant / ASBA Investor	Applicant/Investor proposing to subscribe to the Issue authorizing the SCSB to block the amount payable on application in their ASBA Account maintained with such SCSB
ASBA Circulars	Collectively, SEBI circular bearing reference number SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular bearing reference number CIR/CFD/DIL/1/2011 dated April 29, 2011 and the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020.
Banker(s) to the Company	Axis Bank Limited, Central Bank of India, ICICI Bank Limited, IndusInd Bank Limited and Yes Bank.
Banker(s) to the Issue/ Escrow Collection Bank	Escrow Collection Bank, Allotment Account Bank and the Refund Bank, in this case being Axis Bank Limited.
Banker to the Issue Agreement	Agreement dated 01st August, 2022 to be entered into by and among our Company, the Registrar to the Issue and the Banker(s) to the Issue for collection of the Application Money from Applicants/Investors, transfer of funds to the Allotment Account and where applicable, refunds of the amounts collected from Applicants/Investors, on the terms and conditions thereof.
Basis of Allotment	The basis on which the Rights Equity Shares will be Allotted to successful applicants in consultation with the Designated Stock Exchange in this Issue, as described in "Terms of the Issue" on page no. 159 of this Letter of Offer.
Call	The notice issued by our Company to the holders of the Right Equity Shares as on the Call Record Date for making a payment of the Call Monies.
Call Monies	The balance amount payable by the holders of the Rights Equity Shares pursuant to the payment schedule of Rights Equity Shares, being Rs. 8.25 per Rights Equity Share (Inclusive of Premium) after payment of the Application Money. For further details, see "Terms of Issue" beginning on page 159.
Call Record Date	A record date fixed by our Company for the purpose of determining the names of the holders of Rights Equity Shares for the purpose of issuing of the Call.
Controlling Branches / Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the Registrar to the Issue and the Stock Exchange, a list of which is available on https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34, updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
Demographic Details	Details of Investors including the Investor's address, name of the Investor's father/ husband, investor status, occupation and bank account details, where applicable
Designated Branches	Such branches of the SCSBs which shall collect the Application Form or the plain paper Application, as the case may be, from the ASBA Investors and a list of which is available on https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34, updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
Designated Stock Exchange	BSE Limited
Depository(ies)	NSDL and CDSL or any other depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as amended from time to time read with the Depositories Act, 1996
Draft Letter of Offer /DLOF	The Draft Letter of Offer dated 31st May, 2022.
Eligible Equity Shareholder(s)	Existing Equity Shareholders as on the Record Date. Please note that the investors eligible to participate in the Issue exclude certain overseas shareholders. For further details, see "Notice to Investors" on page 13.
"Escrow Collection Bank", "Allotment Account Bank(s)" or "Refund Bank(s)"	One or more no-lien and non-interest-bearing accounts with the Escrow Collection Bank for the purposes of collecting the Application Money from resident Investors.
Escrow Collection Bank	Bank(s) which are clearing members and registered with SEBI as banker to an issue and with whom the Escrow Account will be opened, in this case being, Axis Bank Limited.
General Corporate Purposes	General Corporate Purposes General corporate purposes shall have the meaning as determined in Regulation 2(1)(r) of the SEBI ICDR Regulations.
GIR	General Index Registrar

IEPF	Investor Education and Protection Fund
Investor(s)	Eligible Equity Shareholder(s) of our Company on the Record Date and the Renouncee(s).
Issue / Rights Issue	Issue of up to **4,02,68,236** equity shares with a face value of ₹10/- each ("rights equity shares") of our company for cash at a price of ₹11/- each including a share premium of ₹1/- per rights equity share ("issue price") for an aggregate amount up to Rs. ₹44,29,50,596/-* on a rights basis to the existing equity shareholders of our company in the ratio of 4 Right equity shares for every 1 Fully paid-up equity shares held by the existing equity shareholders on the record date, that is on Thursday, 01st September, 2022 (the "issue"). The issue price for the rights equity shares is 1.1 Times the face value of the equity shares. *Assuming full subscription and receipt of all Call Monies with respect to Rights Equity Shares.
Issue Opening Date	15TH SEPTEMBER, 2022 (THURSDAY)
Issue Closing Date	30TH SEPTEMBER, 2022 (FRIDAY)
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants/Investors can submit their Applications, in accordance with the SEBI ICDR Regulations.
Issue Price	Rs. 11/- per Rights Equity Share
Issue Proceeds	The gross proceeds raised through the Issue
Issue Size	Issue of up to 4,02,68,236 Rights Equity Shares aggregating to an amount up to ₹ 44,29,50,596/-*. *Assuming full subscription and receipt of all Call Monies with respect to Rights Equity Shares.
Letter of Offer / LOF	This Letter of Offer dated 20th August, 2022 filed with the Stock Exchanges and SEBI and includes any addenda or corrigenda thereto.
Material Subsidiaries	Following company have been identified by our Company based on the materiality threshold adopted by our Board under SEBI Listing Regulations as Material Subsidiaries; Our Company does not have any Material Subsidiaries as of now.
MCA Circulars	General Circular No. 21/2020 dated May 11, 2020 issued by the Ministry of Corporate Affairs, Government of India, read with the circular dated August 3, 2020
Multiple Application Forms	Multiple application forms submitted by an Eligible Equity Shareholder/Renouncee in respect of the Rights Entitlement available in their demat account. However supplementary applications in relation to further Equity Shares with/without using additional Rights Entitlements will not be treated as multiple application.
Net Proceeds	Issue Proceeds less the Issue-related expenses. For details, see "Objects of the Issue" on page 50.
Non-Institutional Investor(s) / NII	An Investor other than a Retail Individual Investor or Qualified Institutional Buyer as defined under Regulation 2(1)(jj) of the SEBI ICDR Regulations.
On Market Renunciation	The renouncement of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchanges through a registered stock broker in accordance with the SEBI – Rights Issue Circulars, circulars issued by the Stock Exchanges from time to time and other applicable laws, on or before 26th September, 2022.
Off Market Renunciation	The renouncement of Rights Entitlements undertaken by the Investor by transferring them through off market transfer through a depository participant in accordance with the SEBI – Rights Issue Circulars, circulars issued by the Depositories from time to time and other applicable laws.
Payment Schedule	For details, please refer to "Payment Schedule of Rights Equity Shares" on page no. 34
QIBs / Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
Record Date	Designated date for the purpose of determining the Shareholders eligible to apply for the Rights Equity Shares in the Issue, being Thursday, 01st September, 2022.
Refund Bank	The Bankers to the Issue with whom the refund account will be opened, in this case being Axis Bank Limited.

Registrar / Registrar to the Company and Issue/RTA	Registrar / Registrar to the Company being KFIN Technologies Limited
Registrar Agreement to Issuer	Agreement dated May 23, 2022 entered into between our Company and the Registrar in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue.
Renouncee(s)	Person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders on renunciation either through On Market Renunciation or through Off Market Renunciation in accordance with the SEBI ICDR Regulations, the SEBI – Rights Issue Circular, the Companies Act and any other applicable law
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on 26th September, 2022 which is Monday in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through Off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date.
Retail Individual Investor / RII	An individual Investor who has applied for Rights Equity Shares for an amount not more than ₹ 200,000 (including an HUF applying through karta) in the Issue as defined under Regulation 2(1)(vv) of the SEBI ICDR Regulations.
Rights Entitlements/ REs	The number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to his / her shareholding in our Company as on the Record Date, being 4 Rights Equity Shares for every 1 Equity Shares held by the Eligible Equity Shareholder on the Record Date.
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders.
Rights Equity Shares / Rights Shares	Equity Shares of our Company having a face value of Rs. 10 per share and to be Allotted at an Issue Price of Rs. 11 Per Equity Share (Including Re. 1 Premium Per Share) pursuant to the Issue.
SEBI Rights Issue Circulars	SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020
Self-Certified Syndicate Banks / SCSBs	Banks which are registered with the SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, and offer services of ASBA, and a list of which is available on https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34
Stock Exchanges	BSE where the Equity Shares are presently listed.
Transfer Date	The date on which the Application Money held in the Escrow Account and the Application Money blocked in the ASBA Account will be transferred to the Allotment Account(s) in respect of successful Applications, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange
Wilful Defaulter or a Fraudulent Borrower	A Company or person, as the case may be, categorized as a wilful defaulter or a fraudulent borrower by any bank or financial institution or consortium thereof, in terms of Regulation 2(1) (lll) of SEBI ICDR Regulations and in accordance with the guidelines on wilful defaulters issued by the RBI, including any company whose director or promoter is categorized as such.
Working Day	In terms of Regulation 2(1)(mmm) of SEBI ICDR Regulations, working day means all days on which commercial banks in Mumbai and Ahmedabad are open for business. Further, in respect of Issue Period, working day means all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai and Ahmedabad are open for business. Furthermore, for the time period between the Issue Closing Date and the listing of the Equity Shares on the Stock Exchanges, working day means all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI.

IV. CONVENTIONAL AND GENERAL TERMS OR ABBREVIATIONS

TERM	DESCRIPTION
₹/ Rs./ Rupees/ INR	Indian Rupees
A/c	Account
AGM	Annual General Meeting
AIF	Alternative investment fund, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
ASBA Circulars	Collectively, SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011 and the SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020
Bn	Billion
BSE	BSE Limited
CAGR	Compounded annual growth rate
CDSL	Central Depository Services (India) Limited
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIN	Corporate Identity Number
Companies Act	Erstwhile Companies Act, 1956, and new Companies Act, 2013 and the rules made thereunder
Competition Act	Competition Act, 2002
Consolidated FDI Policy	Consolidated FDI Policy dated October 15, 2020 issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India.
COVID-19	A public health emergency of international concern as declared by the World Health Organization on January 30, 2020 and a pandemic on March 11, 2020
CSR	Corporate Social Responsibility
Depositories Act	The Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
Depository Participant / DP	A depository participant as defined under the Depositories Act
DIN	Director Identification Number
DP ID	Depository Participant's Identification Number
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary general meeting
EPS	Earnings per Share
ERP	Enterprise Resource Planning
Exchange Information	Collectively constitutes and includes, but is not limited to, a description of the nature of our Company's business and our Company's most recent balance sheet and profit and loss account, and similar statements for preceding years together with press releases, announcements, investor education presentations and annual reports.
FCNR Account	Foreign Currency Non-Resident Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder
FEMA Rule	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
Financial year/ FY / Fiscal	Period of 12 (twelve) months beginning April 1 and ending March 31 of that particular year, unless otherwise stated
Foreign Portfolio Investor / FPI	Foreign portfolio investor as defined under the SEBI FPI Regulations
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
FVCI	Foreign Venture Capital Investors registered under the FVCI Regulations FVCI Regulations
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
GDP	Gross Domestic Product

Government / GoI	Government of India
GST	Goods and Services Tax
HUF	Hindu Undivided Family
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financing Reporting Standards of the International Accounting Standards Board
Ind AS	Indian accounting standards prescribed under Section 133 of the Companies Act, as notified under the Companies (Indian Accounting Standards) Rules, 2015
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
Income-tax Act / I.T. Act / IT Act	Income-tax Act, 1961
I. T. Rules	Income Tax Rules, 1962
India	Republic of India
IPO	Initial public offering
ISIN	International Securities Identification Number allotted by the depository
IT / IT Act	Information Technology, Information Technology Act, 2000
Listing Agreements	Equity listing agreements entered into between our Company and the Stock Exchanges in terms of the SEBI Listing Regulations read along with SEBI Circular No. CIR/CFD/CMD/3336/2015 dated October 13, 2015
LLP	Limited Liability Partnership
MAT	Minimum Alternate Tax
MCA	Ministry of Corporate Affairs, Government of India
MICR	Magnetic ink character recognition
Mn.	Million
MoU	Memorandum of Understanding
Mutual Fund	Mutual fund registered with SEBI under the SEBI (Mutual Fund) Regulations, 1996.
NA / N.A.	Not Applicable
NACH	National Automated Clearing House which is a consolidated system of ECS
NAV	Net asset value
NCLT	National Company Law Tribunal
NCLAT	National Company Law Appellate Tribunal
NEFT	National Electronic Fund Transfer
Net Worth	The aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation
NI Act	Negotiable Instruments Act, 1881
NSDL	National Securities Depositories Limited
NR / Non-Resident	A person resident outside India, as defined under the FEMA
NRE Account	Non-Resident External Account
NRO Account	Non-Resident Ordinary Account
NRI	A person resident outside India as Non-Resident Indian, who is a citizen of India and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016
NSE	National Stock Exchange of India Limited
OCB / Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to general permission granted to OCBs under FEMA.
OCI	Overseas Citizen of India
p.a.	Per Annum
PAC	Persons Acting in Concert
PAN	Permanent Account Number

PAT	Profit After Tax
PBT	Profit Before Tax
P/E Ratio	Price / Earnings Ratio
PIO	Persons of Indian Origin
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
Registered Foreign Portfolio Investors / Foreign Portfolio Investors / FPIs	Foreign portfolio investors as defined under the SEBI FPI Regulations
Regulation S	Regulations S under the Securities Act
RTGS	Real Time Gross Settlement
RONW	Return on Net Worth
SCORES	SEBI Complaints Redress System
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India, constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI PIT Regulations	SEBI (Prohibition of Insider Trading) Regulations, 2015
SEBI SBEB Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SDR	Strategic Debt Restructuring
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
STT	Securities Transaction Tax
State Government	Government of a state of India
TAN	Tax Deduction Account Number
Trade Marks Act	Trademarks Act, 1999
UAE	United Arab Emirates
U.S.	United States of America
USD	United States Dollar
U. S. QIB	A qualified institutional buyer as defined in Rule 144A under the Securities Act
US Securities Act	United States Securities Act of 1933
VCF	A venture capital fund (as defined and registered with SEBI under the erstwhile Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996.
YoY	Year on Year

The words and expressions used but not defined herein shall have the same meaning as is assigned to such terms under the Companies Act, the Securities Contracts (Regulation) Act, 1956, the SEBI ICDR Regulations, the Depositories Act and the rules and regulations made thereunder.

NOTICE TO INVESTORS

The distribution of this Letter of Offer and the issue of the Rights Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer, the Abridged Letter of Offer and the CAF may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders of our Company and will dispatch the Letter of Offer/Abridged Letter of Offer and CAF to Eligible Equity Shareholders who have an address in India. Those overseas Shareholders who have not updated the records with their Indian address, prior to the date on which we propose to dispatch the Letter of Offer/ Abridged Letter of Offer and the CAF, shall not be sent the Letter of Offer/Abridged Letter of Offer and the CAF.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer was filed with BSE for its observations. Accordingly, the Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer/Abridged Letter of Offer and the CAF may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer/Abridged Letter of Offer and the CAF will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and in those circumstances the Letter of Offer/ Abridged Letter of Offer and the CAF must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of the Letter of Offer/ Abridged Letter of Offer and the CAF should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute in or send the same into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If the Letter of Offer/Abridged Letter of Offer and the CAF is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in the Letter of Offer/Abridged Letter of Offer and the CAF. Envelopes containing a CAF should not be dispatched from any jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Rights Equity Shares in this Issue must provide an Indian address. Any person who makes an application to acquire Rights Entitlement and the Rights Equity Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed that he is authorized to acquire the Rights Entitlement and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction. We, the Registrar, the Lead Manager or any other person acting on behalf of us, reserve the right to treat any CAF as invalid where we believe that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such CAF. A Shareholder may not renounce his entitlement to any person resident in the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. Neither the delivery of the Letter of Offer/ Abridged Letter of Offer and the CAF nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to this date.

The contents of the Letter of Offer/Abridged Letter of Offer should not be construed as legal, tax or investment advice. Prospective Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Rights Equity Shares or Rights Entitlements. As a result, each Investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of Rights Equity Shares or Rights Entitlements. In addition, our Company is not making any representation to any offeree or purchaser of the Rights Equity Shares or Rights Entitlements regarding the legality of an investment in the Rights Equity Shares or Rights Entitlements by such offeree or purchaser under any applicable laws or regulations.

NO OFFER IN THE UNITED STATES

The Rights Equity Shares or Rights Entitlements have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of the Letter of Offer/ Abridged Letter of Offer and the CAF. Any representation to the contrary is a criminal offence in the United States.

The rights and securities of our Company, including the Rights Equity Shares have not been and will not be registered under the United States Securities Act, 1933, as amended (Securities Act), or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof (United States or U.S.) or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (Regulation S), except in a transaction exempt from the registration requirements of the Securities Act. The rights referred to in the Letter of Offer/ Abridged Letter of Offer and the CAF are being offered in India, but not in the United States. The offering to which the Letter of Offer/ Abridged

Letter of Offer and the CAF relates is not, and under no circumstances is to be construed as, an offering of any securities or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said securities or rights. Accordingly, the Letter of Offer/Abridged Letter of Offer and the CAF should not be forwarded to or transmitted in or into the United States at any time. Neither our Company nor the Lead Manager nor any person acting on their behalf will accept subscriptions from any person or his agent, if to whom an offer is made, would require registration of this Letter of Offer with the United States Securities and Exchange Commission.

Neither our Company nor any person acting on behalf of our Company will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on behalf of our Company has reason to believe is, either a U.S. person (as defined in Regulation S) or otherwise in the United States when the buy order is made. Envelopes containing CAF should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under the Letter of Offer/Abridged Letter of Offer, and all persons subscribing for the Rights Equity Shares and wishing to hold such Rights Equity Shares in registered form must provide an address for registration of the Rights Equity Shares in India. Our Company is making this issue of Rights Equity Shares on a rights basis to the Equity Shareholders of our Company and the Letter of Offer/ Abridged Letter of Offer and CAF will be dispatched to Equity Shareholders who have an Indian address. Any person who acquires rights and the Rights Equity Shares will be deemed to have declared, represented, warranted and agreed, (i) that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made, (ii) it is not a U.S. person (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the United States, and (iii) is authorized to acquire the rights and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company reserves the right to treat as invalid any CAF which: (i) does not include the certification set out in the CAF to the effect that the subscriber is not a U.S. person (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the Rights Equity Shares in compliance with all applicable laws and regulations; (ii) appears to our Company or its agents to have been executed in or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such CAF.

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

Certain Conventions

In this Letter of Offer, the terms “we”, “us”, “our”, the “Company”, “our Company”, unless the context otherwise indicates or implies, refers to Gautam Gems Limited.

Financial Data

Unless stated otherwise, the financial data in this Letter of Offer is derived from the audited Financial Statements of our Company for the Financial Years ended on March 31, 2022, 2021, 2020 and 2019 which have been prepared in accordance with Indian Accounting Standard (Ind AS) and are included in this Letter of Offer. The financial year of our Company commences on April 1 and ends on March 31.

In this Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Unless the context otherwise indicates, any percentage amounts, as set forth in the sections titled “Risk Factors” have been calculated on the basis of the Financial Statements of our Company prepared in accordance with Ind AS and the Companies Act, 2013.

Currency and Units of Presentation

In this Letter of Offer, unless the context otherwise requires, all references to (a) ‘Rupees’ or ‘`’ or ‘Rs.’ or ‘INR’ are to Indian rupees, the official currency of the Republic of India; (b) ‘US Dollars’ or ‘US$’ or ‘USD’ or ‘$’ are to United States Dollars, the official currency of the United States of America. All references to the word ‘Lakh’ or ‘Lac’ or ‘Lacs’, means ‘One hundred thousand’ and the word ‘Million’ means ‘Ten lakhs’ and the word ‘Crore’ means ‘Ten Million’ and the word ‘Billion’ means ‘One thousand Million’. Any percentage amounts, as set forth in "Risk Factors", "Our Business", "Management's Discussion and Analysis of Financial Conditions and Results of Operation" and elsewhere in this Letter of Offer, unless otherwise indicated, have been calculated based on our Restated Financial Statements.

Exchange Rates

This Letter of Offer does not contain conversions of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

Market and Industry Data

Unless stated otherwise, industry and market data used in this Letter of Offer have been obtained or derived from publicly available information. Publicly available Information 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. Accordingly, no investment decision should be made on the basis of such information. Although we believe that industry data used in this Letter of Offer is reliable, it has not been independently verified and neither we, nor any of our affiliates, jointly or severally, make any representation as to its accuracy or completeness. The extent to which the market and industry data used in this Letter of Offer is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in the section "Risk Factors" beginning on page 21 of this Letter of Offer.

Conversion rates for foreign currency

This Letter of Offer contains conversions of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Indian Rupee and other foreign currencies:

(Rs. per unit of Foreign Currency)

Name of Currency	**31-03-2022**	**31-03-2021**	**31-03-2020**	**31-03-2019**
U.S. Dollar	75.7575	73.2035	75.3250	69.5509

Source: https://www.poundsterlinglive.com/

FORWARD LOOKING STATEMENTS

Our Company has included statements in this Letter of Offer which contain words or phrases such as 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'expected to', 'future', 'intend', 'is likely', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'will continue', 'would', or other words or phrases of similar import. Similarly, statements that describe our objectives, strategies, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward looking statements. Forward-looking statements are not guarantees of performance and are based on certain assumptions, future expectations, describe plans and strategies, contain projections of results of operations or of financial condition or state other forward-looking information. All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements.

Forward-looking statements contained in this Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. Important factors that could cause actual results to differ materially from our Company's expectations include, among others:

- Uncertainty of the continuing impact of the COVID-19 pandemic on our business and operations;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various business plans;
- Any failure or disruption of our information technology system;
- Increasing competition in or other factors affecting the industry segments in which our Company operates;
- Changes in laws and regulations relating to the industries in which we operate;
- Fluctuations in operating costs and impact on the financial results;
- Our ability to attract and retain qualified personnel;
- Changes in political and social conditions in India or in other countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices; and
- General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the section titled "Risk Factors" beginning on page 21 of this Letter of Offer. By their very nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact or net interest income and net income could materially differ from those that have been estimated, expressed or implied by such forward-looking statements or other projections.

Whilst we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, Investors are cautioned not to place undue reliance on such forward-looking statements.

In any event, these statements speak only as of the date of this Letter of Offer or the respective dates indicated in this Letter of Offer, and our Company undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward- looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

In accordance with SEBI / Stock Exchange requirements, our Company will ensure that Investors are informed of material developments until the time of the grant of listing and trading permission for the Rights Equity Shares by the Stock Exchange.

SUMMARY OF THIS LETTER OF OFFER

The following is a general summary of certain disclosures included in this Letter of Offer and is neither exhaustive, nor does it purport to contain a summary of all the disclosures in this Letter of Offer or all details relevant to prospective investors. This summary should be read in conjunction with and is qualified by, the more detailed information appearing in this Letter of Offer, including the sections titled "Risk Factors", "Objects of the Issue", "Industry Overview", "Our Business", "Financial Statements", "Outstanding Litigation and Defaults", "Terms of the Issue" on pages 21, 50, 60, 70, 89, 146 and 159 respectively.

Summary of our Business

The Founder promoter of our Company Mr. Gautam P. Sheth is in the business of Diamond since 2002. He along with his wife incorporated Company at Surat as "Gautam Gems Private Limited" on 18/02/2014 under the provisions of the Companies Act, 2013 vide certificate of incorporation issued by the Registrar of Companies, Gujarat, Dadra and Nagar Havelli. Subsequently the company was converted into a Public Limited Company vide fresh certificate of incorporation dated 16th August, 2017 and the name was changed to "Gautam Gems Limited".

Our Company has been principally incorporated as Manufacturer and Trader of rough and polished diamonds. Our registered and corporate office is located in Surat, which is the diamond hub of India. We sell diamonds of multiple category, shape, cut, size and color. The range of diamonds we manufacture and trade in purely depends on the demand and supply of diamonds in the local markets. Primarily, Round Brilliant and All Fancy shape, 0.18 cts upto15.00 cts Size and D to N color with all type of Fancy color kind of diamonds is demanded by our customers. Since our business is strongly driven by customer demand, we maintain a high/low stock with at our office or factory. Besides this, our Company does in order to compete in the diamond market, we have created and maintained an independent sales and distribution network for our products within the Domestic markets. Further to ensure customer satisfaction, quality supply of diamonds, timely delivery of orders and purchase-sale of authentic diamonds, we deal with our suppliers and customers on mutually agreed terms. Further, we have developed and maintained long-term and stable relationships with our key suppliers and our key customers although we have not entered into any formal contracts with either of them.

Our promoters, Mr. Gautam P. Sheth and Nidhi G. Sheth have 18 years and 10 years of experience in diamond business, respectively.

For further details, see **"*Business Overview*"** on page 70.

Summary of Industry

Introduction

India's gems and jewellery export sector—which is one of the largest in the world—contributed ~27% to the global jewellery consumption in 2019. Market size of the global gems and jewellery sector is likely to expand to US$ 103.06 billion between 2019 and 2023. India's gems and jewellery exports are expected to reach US$ 100 billion by 2025. Globally, India was the top exporter of diamonds with a share of 20.6% in 2020.

Market Size

India has 10 special economic zones (SEZ) for gems & jewellery. These zones have more than 500 manufacturing units, which contribute 30% to the country's total exports.

In 2019, India's gems & jewellery export sector—which is one of the largest in the world—contributed ~27% to the global jewellery consumption. Market size of the global gems & jewellery sector is likely to expand to US$ 103.06 billion between 2019 and 2023.

As per Union Budget 2021, the Gem and Jewellery Export Promotion Council has proposed a reduction in import duty on cut and polished diamonds to 2.5%, from the existing 7.5%, in order to double exports of gems & jewellery to US$ 70 billion by 2025, up from US$ 35 billion in 2020.

Investments/ Developments

The Government has permitted 100% FDI in the sector under the automatic route, wherein the foreign investor or the Indian company do not require any prior approval from the Reserve Bank or Government of India. The

Government has made hallmarking mandatory for gold jewellery and artefacts and a period of one year is provided for its implementation.

Cumulative FDI inflows in diamond and gold ornaments in India stood at US$ 1,194.00 million between April 2000 and June 2021 according to Department for Promotion of Industry and Internal Trade (DPIIT).

Road Ahead

In the coming years, growth in gems and jewellery sector would largely be contributed by the development of large retailers/brands. Established brands are guiding the organised market and are opening opportunities to grow. Increasing penetration of organised players provides variety in terms of products and designs. Online sales are expected to account for 1–2% of the fine jewellery segment by 2021–22. Also, the relaxation of restrictions of gold import is likely to provide a fillip to the industry. The improvement in availability along with the reintroduction of low-cost gold metal loans and likely stabilisation of gold prices at lower levels is expected to drive volume growth for jewellers over short to medium term. The demand for jewellery is expected to be significantly supported by the recent positive developments in the industry.

Source: https://www.ibef.org/industry/gems-jewellery-india.aspx

For further details, see **"*Industry Overview*"** on page 60.

Name of the Promoters

Mr. Gautam P. Sheth and Mrs. Nidhi G. Sheth are the promoters of the Company.

Objects of the Issue

Our Company intends to utilize the Net Proceeds raised through the Issue towards the following objects:

(Rs. In Lakhs)

Particulars	**Amount**
To meet Working Capital requirement of the Company.	3834.51
Repayment of the whole or a portion of the unsecured loan taken from our Promoters	475.00
General corporate purposes	50.00
Issue related expenses	70.00
Total Issue Proceeds	**4429.51**

For further details, see **"*Objects of the Issue*"** on page 50.

Intention and extent of participation by our Promoters and Promoter Group

Pursuant to letter dated May 12, 2022, Mr. Gautam Pravinchandra Sheth ("Subscription Letter"), has confirmed that he along with other Promoters and certain members of Promoter Group of our Company, intend to subscribe, jointly and/or severally, to the full extent of their Rights Entitlements (including through subscription of any Rights Entitlements renounced in their favour by any other Promoter or member(s) of the Promoter Group of our Company).

The additional subscription by the Promoters shall be made subject to such additional subscription not resulting in the minimum public shareholding of the issuer falling below the level prescribed in LODR/SCRR. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

Summary of Financial Information

The following table sets forth summary financial information derived from the Audited Financial Statements of the Company. The Audited Financial Statements as of and for the financial year ended March 31, 2022, March 31, 2021, March 31, 2020 and March 31, 2019.

(Rs. in Lakhs)

Particulars	As at and for the year ended March 31,			
	2022	**2021**	**2020**	**2019**
Equity Share Capital	1006.71	1006.71	549.11	549.11
Net Worth	1430.27	1390.10	1356.01	1299.57
Total Income	**18020.16**	**9381.79**	**32878.11**	**4372.82**
Profit/ (Loss) after tax	**52.08**	**34.08**	**57.36**	**17.73**
Basic & Diluted EPS (in ₹)	0.52	0.34	1.04	0.32
Net asset value per Equity Share (in ₹)	14.21	13.81	24.69	23.67
Total borrowings #	814.99	587.79	69.70	14.68

consists of borrowings under current liabilities

Qualifications of the Auditors

There are no qualifications, reservations and adverse remarks made by our Statutory Auditors in their report which requires any adjustment to audited standalone financial statements of the Company for the financial year 2021-22, 2020-21, 2019-20 and 2018-19.

Contingent Liabilities

For details regarding our contingent liabilities, please refer to page no. 110 of the **"*Financial Statements*"** of this Letter of Offer.

Related Party Transactions

For details of our related party transactions as per Ind AS 24, please refer to page no. 110 of the **"*Financial Statements*"** of this Letter of Offer.

Financing Arrangements

There have been no financing arrangements whereby our Promoter, members of our Promoter Group, our Directors or their relatives have financed the purchase by any other person of securities of the Company, other than in the normal course of financing entity during the period of six months immediately preceding the date of this Letter of Offer.

Issuance of Equity Shares for consideration other than cash in the last one year

Our Company has not issued Equity Shares for consideration other than cash during the period of one year preceding the date of this Letter of Offer.

Summary of Outstanding Litigations

For further details on outstanding legal proceedings involving our Company and our Subsidiaries as on the date of this Letter of Offer, see **"*Outstanding Litigations and Defaults*"** beginning on page 146 of this Letter of Offer.

Risk Factors

For details of the risks applicable to us, including to our business, the industry in which we operate and our Equity Shares, see **"*Risk Factors*"** on page 21.

Any split/consolidation of equity shares in the last one year

Our Company has not done any split or consolidation of Equity Shares during the last one year from the date of filing this Letter of Offer.

SECTION II – RISK FACTORS

An investment in equity shares involves a high degree of risk. Prospective Investors should carefully consider all the information disclosed in this Letter of Offer, including the risks and uncertainties described below and the ***"Financial Statements"*** *on page 89, before making an investment in the Equity Shares. The risks described below are not the only risks relevant to us or the Equity Shares or the industries in which we currently operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our business, cash flows, prospects, results of operations and financial condition. In order to obtain a complete understanding about us, investors should read this section in conjunction with* ***"Our Business"****,* ***"Industry Overview"*** *and* ***"Management's Discussion and Analysis of Financial Condition and Results of Operations"*** *on pages 60, 70 and 137, respectively, as well as the other financial information included in this Letter of Offer. If any of the risks described below, or other risks that are not currently known or are currently deemed immaterial actually occur, our business, cash flows, prospects, results of operations and financial condition could be adversely affected, the trading price of the Equity Shares could decline, and investors may lose all or part of the value of their investment. The financial and other related implications of the risk factors, wherever quantifiable, have been disclosed in the risk factors mentioned below.*

However, there are certain risk factors where the financial impact is not quantifiable and, therefore, cannot be disclosed in such risk factors. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in this Issue. The following factors have been considered for determining the materiality: (1) some events may not be material individually but may be found material collectively; (2) some events may have material impact qualitatively instead of quantitatively; and (3) some events may not be material at present but may have material impact in future.

This Letter of Offer 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 this Letter of Offer. Any potential investor in, and purchaser of, the Equity Shares should pay particular attention to the fact that our Company is an Indian company and is subject to a legal and regulatory environment which, in some respects, may be different from that which prevails in other countries. For further information, see ***"Forward Looking Statements"*** *on page 17.*

Unless otherwise indicated or the context requires otherwise, the financial information included herein is based on our Audited Financial Statements and Unaudited Financial Results included in this Letter of Offer. For further information, see "Financial Statements" on page 89. In this section, unless the context otherwise requires, a reference to "our Company" is a reference to Gautam Gems Limited on a standalone basis, while any reference to "we", "us", is a reference to Gautam Gems Limited on a consolidated basis.

1. ***There are certain outstanding proceedings against our Promoters which may adversely affect our business, financial condition and results of operations.***

   As on the date of this Letter of Offer, our Promoters are involved in certain legal proceedings. There are various outstanding legal proceedings against our Promoters which is pending at various levels of adjudication before various courts, tribunals and authorities in India. In addition, our Company is also subject to risks of litigation including public interest litigation, contract, employment related, personal injury and property damage.

   We cannot provide any assurance that these legal proceedings will be decided in our favour. Any adverse decision may have a significant effect on our business including the financial condition of our Company. There can be no assurance that the results of such legal proceedings will not materially harm our business, reputation or standing in the marketplace or that we will be able to recover any losses incurred on account of third parties, regardless of whether we are at fault. Even if we are successful in defending such cases, we may be subject to legal and other costs incurred pursuant to defending such litigation. There can be no assurance that losses relating to litigation will be covered by insurance or that any such losses would not have a material adverse effect on the results of our operations or financial condition. A summary of the outstanding proceedings and other material litigations as disclosed in this Letter of Offer, to the extent quantifiable, have been set out below:

(Rs. in lakhs)

Nature of case	Cases filed by		Cases filed Against	
	No. of Cases	Amount involved	No. of Cases	Amount involved
Litigation involving our Company				
Criminal cases	-	-	-	-
Civil cases	-	-	-	-
Tax Proceedings	-	-	-	-
Litigation involving our Promoters				
Criminal cases	-	-	10	25.00
Civil cases	-	-	-	-
Tax Proceedings	-	-	-	-
Litigation involving our Group Companies				
Criminal cases	-	-	-	-
Civil cases	-	-	-	-
Tax Proceedings	-		-	-
SEBI Proceedings Pending With Regards To Our Company & Promoters	-	-	-	-
Proceedings initiated against our company for Economic Offences	-	-	-	-
Outstanding dues to small scale undertakings or any other creditors	-	-	-	-

The table above does not include those penalties, interests and costs, if any, which may be imposed or 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 / interests / 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 tribunal where the case(s) is / are pending.

For further details, please refer to section titled "***Outstanding Litigation and Defaults"*** beginning on page no. 146 of this Letter of Offer.

2. ***The majority of Issue proceeds will be utilized by our Company for the working capital requirement of the Company.***

The main object of this Issue is to meet the working capital requirement of the Company and to repay unsecured loans availed from the Promoters. To the extent that the issue proceeds will be used to repay the unsecured loans, no capital assets will be created in the Company. For further details on the repayment of unsecured loans availed from promoters, see "Objects of the Issue" beginning on page 50 of this Letter of Offer. For further details secured and unsecured loan, please refer to the section "Financial Indebtness" beginning on page no. 113 of this Letter of Offer.

3. ***Significant sales during the festive season and other significant seasons is experienced by our Company. In case, we are unable to cope up with our service during this time, then our revenues and profitability will be affected and have a negative effect on our image and brand.***

The sales volume for our business completely depends on the consumer demand. Polished and rough diamonds are generally in significantly high demand during the festival seasons and other significant occasions like Diwali, New Year, Christmas, Valentine's Day and during wedding seasons which occurs in the third and fourth quarter of the fiscal year. Any significant shortfall in sales during this period, would affect our profitability and we would experience adverse effect on our results of operations. While we may stock our products during this period, our fixed costs such as lease rentals, employee salaries, and logistics-related expenses, which form a significant portion of operating costs, are relatively constant throughout the year. Consequently, lower than expected net sales during the third or fourth quarters of the fiscal year or more

pronounced seasonal variations in sales in the future could have a disproportionate impact on our operating results for the fiscal year, or could strain our resources and impair our cash flows. Any slowdown in demand for polished and rough diamonds during the peak seasons or failure by us to accurately anticipate and prepare for such seasonal fluctuations could have a material adverse effect on our business, financial condition and results of operations.

Further, we have limited ability to compensate for shortfalls in our sales or income during such periods by introducing changes in operations and strategies for rest of the year, or to recover from any extensive disruption; for example due to sudden adverse changes in consumer confidence, global pricing of polished and rough diamonds or lower disposable income, etc. As a result of the above, our half yearly financial results may not be comparable or a meaningful indicator of our futuristic performance. Any analysis of our financial results on a quarter-on-quarter basis may be perceived as negative indicator of our growth, which may adversely impact market price of our Equity Shares.

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

Our Company is into the trading business of diamonds. Hence, diamond is the only product sold by our company. The procurement of diamonds in time as well as the authenticity, quality and the price, at which we procure, play an important role in the successful operations of our business. Diamond is the only product that we trade in and is primarily sourced from the domestic market and from reputed suppliers. We typically place our purchase orders for diamonds on a spot basis with limited number of diamond suppliers. However, we and have not entered into any long-term contracts with them. Further, we purchase diamonds on a fixed payment basis; i.e. the price and the credit period is fixed at the time of purchase. Should any of our suppliers cease to be able or willing to continue supplying us with diamonds on terms that are acceptable to us, we may have to find other suppliers. There can be no assurance that such other suppliers will be able to meet our needs or be as reliable or provide diamonds of the same quality at the same prices as our current suppliers. Any disruption of supplies from our current diamond suppliers or a failure to adequately replace them may materially and adversely affect our business, results of operations, financial condition and prospects.

Additional, in the recent years, there has been a significant increase in the cost of rough and polished diamonds, which has resulted in an increase in our operational cost. We cannot assure you that we will be able to procure quality rough and polished diamonds at competitive prices or at all. In addition, if for any reason, our primary suppliers of rough and polished diamonds should curtail or discontinue their delivery to us, in the quantities we need and at prices that are competitive, our ability to meet our material requirements for our operations could be impaired, our delivery schedules could be disrupted and our business and reputation may be adversely affected. Further, any rise in rough and polished diamond prices may cause customers to delay their purchases, thereby adversely affecting our business, operations and financial condition.

5. ***If we are unable to collect our receivables from our clients, our results of operations and cash flows could be adversely affected.***

As of March 31, 2022, we had trade receivables of Rs. 1632.49 Lakhs which were outstanding for a period less than six months. Our business depends on our ability to successfully obtain payment from our customer(s) for our products sold to them.

We typically bill and collect on relatively short cycles and maintain provisions against receivables and unbilled services. Actual losses on client balances could differ from those that we currently anticipate and as a result we might need to adjust our provisions. Macroeconomic conditions could also result in financial difficulties, including insolvency or bankruptcy, for our clients, and as a result could cause clients to delay payments to us, request modifications to their payment arrangements that could increase our receivables balance or working capital requirements, or default on their payment obligations to us.

Recovery of our receivables and timely collection of client balances also depends on our ability to complete our contractual commitments and bill and collect our contracted revenues. If we are unable to meet our contractual requirements, we might experience delays in collection of and/or be unable to collect our client balances, and if this occurs, our results of operations and cash flows could be adversely affected. In addition, if we experience an increase in the time to bill and collect for our services, our cash flows could be adversely affected.

6. ***As the securities of our Company are listed on Stock Exchange in India, our Company is subject to certain obligations and reporting requirements under the SEBI Listing Regulations. Any non-compliances/ delay in complying with such obligations and reporting requirements may render us liable to prosecution and/or penalties.***

The Equity Shares of our Company are listed on BSE and therefore we are subject to the obligations and reporting requirements prescribed under the SEBI Listing Regulations. Our Company endeavours to comply with all such obligations/ reporting requirements any delay in complying with the same may result in the Stock Exchanges and/or SEBI imposing penalties, issuing warnings and show cause notices against us and/or taking actions as provided under the SEBI Act / Rules and Regulations / Circulars made there under. Any such adverse regulatory action or development could affect our business reputation, divert management attention, and result in a material adverse effect on our business prospects and financial performance and on the trading price of the Equity Shares. However, there have been delays compliance with the SEBI Listing Regulations or inadvertent errors in secretarial records and filings for the past 12 months and therefore, this Letter of Offer is prepared and submitted in terms of Part B-1 of Schedule VI to the SEBI ICDR Regulations.

7. ***Our Company operates under several statutory and regulatory permits, licenses and approvals. Our failure to obtain and/or renew any approvals or licenses in future may have an adverse impact on our business operations.***

Our Company requires several statutory and regulatory permits, licenses and approvals to operate the business. Many of these approvals are granted for fixed periods of time and need renewal from time to time. There can be no assurance that the relevant authorities will issue any of such permits or approvals in time or at all. Further, these permits, licenses and approvals are subject to several conditions, and our Company cannot assure that it shall be able to continuously meet such conditions or be able to prove compliance with such conditions to statutory authorities, and this may lead to cancellation, revocation or suspension of relevant permits/ licenses/ approvals. Failure by our Company to renew, maintain or obtain the required permits, licenses or approvals, or cancellation, suspension or revocation of any of the permits, licenses or approvals which may result in the interruption of our Company's operations and may have a material adverse effect on the business. For details please refer to Chapter titled "Government and Other Statutory Approvals" beginning on page no.149 of the Letter of Offer.

8. ***Our Company doesn't own the premises where its registered and corporate office is situated and leave & license agreement have been executed for the same. Any termination or dispute in relation to these lease/ rental agreement may have an adverse effect on our business operations and results thereof.***

Our Registered and Corporate office is situated at 3rd Floor, Office -301 Sumukh Super Compound, Vasta Devadi Road, Surat - 395004, Gujarat is on leased/ rented premises which we have been taken for 36 months on lease beginning from 1st April, 2021 owned by Mr. Gautam P Sheth, who is one of the Promoters of our Company. Our business operations are also conducted from the said premises. As per the leave & license agreement the lease is for a period of 36 months and any non-compliance by us in relation to any term of lease may result in the termination of the leave & license agreement and consequently we have to vacate the said premises. We also cannot assure you that lessor will not terminate the leave & license agreement, which would require us to locate to another premise and may have an adverse effect on our conducting our business operations.

9. ***The company has not registered any of its Trade Mark. The company in future may register it depending on the future requirements. Any delay in making an application and/or granting registration or in obtaining registration could result in loss of brand equity and the company`s right to use the said brand.***

The Company is required to make an application to the Trade Mark Registry, Gujarat to register its brands-"

Company name-"Gautam Gems" and logo " ". The Company has not made application for registration of its trademarks. The company depending on the future requirements may make an application to the Trade Mark Registry, Gujarat to register its brand/logo. While filing application for registration if the same is not accepted or if the oppositions filed against the trademark application if any, are successful, our Company may lose the statutory protection available to it under the Trade Marks Act, 1999 for such trademarks.

10. ***Our Company has not taken any insurance coverage which may protect us against certain operating hazards and from all losses and this may have an adverse impact on the financial conditions of the business.***

Our Company has not taken any insurance cover at present. Hence, we may not be able to protect ourselves from any damage or loss suffered by us. To the extent that we suffer any loss or damage, the operational results of the company could be adversely affected. The company does not maintain a directors and officers liability insurance policy for the directors or key managerial personnel of the Company.

11. ***Our Company had negative cash flow during certain fiscal years; details of which are given below. Sustained negative cash flow could adversely impact our business, financial condition and results of operations.***

(Rs. in Lakhs)

Particulars	As on March 31			
	2022	2021	2020	2019
Net cash from (used in) Operating activities	47.45	103.69	(40.36)	16.05
Net cash from (used in) Investing activities	(19.33)	(162.09)	60.81	(0.49)
Net cash from (used in) Financing activities	0.00	0.00	(0.91)	2.98
Net Cash Flow	**28.12**	**(58.39)**	**19.54**	**18.54**

Cash flow of a company is a key indicator to show the extent of cash generated from operations to meet its capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If we are not able to generate sufficient cash flow, it may adversely affect our business and financial operations. For further details please refer to the section titled "Financial Statements" and chapter titled "Management's Discussion and Analysis of Financial Conditions and Results of Operations" beginning on page no. 89 and page no. 137 respectively, of this Letter of Offer.

12. ***Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures.***

We have not paid any dividends since incorporation. Our future ability to pay dividends will depend on our earnings, financial condition and capital requirements. Dividends distributed by us will attract dividend distribution tax at rates applicable from time to time. There can be no assurance that we will generate sufficient income to cover the operating expenses and pay dividends to the shareholders.

Our ability to pay dividends will also depend on our expansion plans. We may be unable to pay dividends in the near or medium term, and the future dividend policy will depend on the capital requirements and financing arrangements for the business plans, financial condition and results of operations.

13. ***We have entered into certain related party transactions and may continue to do so.***

We have entered into related party transactions with our Promoters, its group members/ entities, Directors and other associates. While we believe that all such transactions have been conducted on the arms-length basis, however it is difficult to ascertain whether more favorable terms would have been achieved had such transactions been entered with unrelated parties. Furthermore, it is likely that we will continue to enter into related party transactions in the near future. For further details regarding the related party transactions, see the disclosure on related party transactions contained in the financial statements included in this Letter of Offer and, also see the section "Related Party Transactions" beginning on page no. 110 of this Letter of Offer.

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

Our results of operations are dependent on our ability to effectively manage our inventory. To effectively manage our inventory, we must be able to accurately estimate customer demand and supply requirements and purchase new inventory accordingly. If our management has misjudged expected customer demand it could adversely impact the results by causing either a shortage of merchandise or an accumulation of excess

inventory. Further, if we fail to sell the inventory we manufacture or purchase, we may be required to recycle our inventory, which would have an adverse impact on our income and cash flows.

15. ***Negative Publicity with respect to our products or the industry in which we operate could adversely affect our business, financial condition and results of operations.***

    Our business is dependent on the trust that our customers have in the quality and authenticity of the rough and polished diamonds we sell to them. Any negative publicity regarding our products, our Company, or Gems and Jewellery industry generally could adversely affect our reputation and our results of operations. Customer preferences could be affected by a variety of issues including non-acceptance of diamonds from specific regions and a decrease in the perceived value and customer satisfaction of the rough and polished diamonds compared to its price.

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

    Being a trader in the diamond industry, our primary factors in determining retailers buying decisions in the wholesale business includes customer confidence, price points for our products, timely delivery of our products, designs together with the level and quality of customer service. The ability to differentiate our products from competitors by its branding, marketing and advertising programs is an important factor in attracting retailers and consumers. As a result, from time to time we will be undertaking brand building exercise and marketing programs to enhance our brand visibility. If these programs are ineffectively executed or the level of support for them is reduced, it could affect our ability to attract customers. Further, we cannot assure you that we will be able to accurately estimate our marketing expenditure for wholesale and or retail operations. In case our marketing expenses are lesser than market standards, our marketing programs may be perceived ineffective. However, if our marketing expenses are higher than the market standards, it may adversely affect our income and results of operations.

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

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

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

    Our success is dependent on our management team whose loss could seriously impair the ability to continue to manage and expand business efficiently. Our success largely depends on the continued services and performance of our management and other key personnel. The loss of service of the Key Managerial Personnel and other senior management could seriously impair the ability to continue to manage and expand the business efficiently. Further, the loss of any of the senior management or other key personnel may adversely affect the operations, finances and profitability of our Company. Any failure or inability of our Company to efficiently retain and manage its human resources would adversely affect our ability to expand our business.

19. ***We are dependent on our Promoter, our senior management, directors and key personnel of our Company for success whose loss could seriously impair the ability to continue to manage and expand business efficiently.***

    Our Promoter, Directors, senior management and key managerial personnel collectively have many years of experience in the industry and are difficult to replace. They provide expertise which enables us to make well informed decisions in relation to our business and our future prospects. For further details of our Directors and key managerial personnel, please refer to Section "Our Management" on page 78 of this Letter of Offer. Our success largely depends on the continued services and performance of our management and other key personnel. The loss of service of the Promoters and other senior management could seriously impair the ability to continue to manage and expand the business efficiently.

    Further, the loss of any of the senior management or other key personnel may adversely affect the operations, finances and profitability of our Company. Any failure or inability of our Company to efficiently retain and

manage its human resources would adversely affect our ability to implement new projects and expand our business.

20. ***We face competition in our business from organized and unorganized players, which may adversely affect our business operation and financial condition.***

The diamond trading sector is highly fragmented and competitive. Our Company would not only compete with organized players but also a high percentage of unorganized players at local, national and international levels. Some of them may offer better quality diamonds at competitive prices and may be capable of providing more personalized services to each client due to the smaller number of orders placed with them. Further, these unorganized player offer their services at highly competitive prices having well established presence in their local markets. Aggressive discounting by competitors, including liquidating excess inventory, may also adversely impact our performance in the short term. This is particularly the case for easily comparable prices for rough and polished diamonds, for similar quality diamonds sold through wholesaler, retailers and other traders.

In addition, there are minimal entry barriers in this sector and hence the may also face competition from new entrants. Some of our employees, who have dis-associate themselves from the Company, may also compete with our Company.

21. ***Any change in our consumer's likes, preferences or a change in their perception regarding the quality of our products may negatively affect the image and our reputation and in turn affect our revenues and profitability.***

The industry in which we operate is highly competitive and where goodwill and reputation are of huge significance. Although we have been in the business of trading rough and polished diamonds, any change in consumer's likes, preferences or a change in their demands regarding the quality and authenticity of our products, may negatively affect the image and reputation of our products and consequently that our Company. Further, such incidences may expose our Company to liabilities and claims, adversely affect our reputation, growth and profitability.

22. ***Delays or defaults in client payments could result in reduction of profits.***

The Company regularly commits resources to slew of projects prior to receiving advances or other payments from clients in amounts sufficient to cover expenditures on projects as it has incurred. It may be subject to working capital shortages due to delays or defaults in client payments. If clients default in their payments on a project to which the Company has devoted significant resources or if a project in which it has invested significant resources is delayed, cancelled or does not proceed to completion, it could have an adverse effect on the Company's business, financial condition and results of operations.

23. ***Our Company may require additional capital resources to achieve our expansion plans.***

The rate of our expansion will depend to an extent on the availability of adequate debt and equity capital. Further, the actual expenditure incurred may be higher than current estimates owing to but not limited to, implementation delays or cost overruns. We may, therefore, primarily try to meet such cost overruns through our internal generations and in case if the same is not adequate, we may have to raise additional funds by way of additional term debt from banks/ financial institutions and unsecured loans, which may have an adverse effect on our business and results of operations.

24. ***Our Promoter and members of the Promoter Group have significant control over the Company and have the ability to direct our business and affairs; their interests may conflict with your interests as a shareholder.***

After the completion of the Issue, our Promoter and the members of the Promoter Group will hold approximately 21.41% of the paid-up equity share capital of our Company assuming full subscription to the Rights Entitlement in the Issue. Our Promoter and the members of the Promoter Group holding Equity Shares in our Company, have undertaken to fully subscribe for their Rights Entitlement. They reserve the right to subscribe for their Rights Entitlement pursuant to any renunciation made by any member of the Promoter Group to another member of the Promoter Group. Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding above their current percentage shareholding. So long as the Promoter has a majority holding, he will be able to elect the entire Board and control most matters affecting us, including the appointment and removal of the officers of our Company, our business strategy and policies and financing. Further, the extent of the Promoter's shareholding in our Company

may result in the delay or prevention of a change of management or control of our Company, even if such a transaction may be beneficial to the other shareholders of our Company.

25. ***Our funding requirements and deployment of the issue proceeds are based on management estimates and have not been independently appraised by any bank or financial institution.***

Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and our current business plan. The fund requirements and intended use of proceeds have not been appraised by bank or financial institution and are based on our estimates. In view of the competitive and dynamic nature of our business, we may have to revise our expenditure and fund requirements as a result of variations including in the cost structure, changes in estimates and other external factors, which may not be within the control of our management. This may entail rescheduling, revising or cancelling the planned expenditure and fund requirement and increasing or decreasing the expenditure for a particular purpose from its planned expenditure at the discretion of our Board. In addition, schedule of implementation as described herein are based on management's current expectations and are subject to change due to various factors some of which may not be in our control.

26. ***Our Company's management will have flexibility in utilizing the Net Proceeds. There is no monitoring agency appointed by our Company and the deployment of funds is at the discretion of our Management and our Board of Directors, though it shall be monitored by our Audit Committee.***

The deployment of the funds towards the objects of the issue is entirely at the discretion of the Board of Directors and is not subject to monitoring by external independent agency. As per SEBI (ICDR) Regulations, 2018, as amended, appointment of monitoring agency is required only for Issue size above Rs. 10,000.00 lakhs. Hence, we have not appointed any monitoring agency to monitor the utilization of Issue proceeds. However, the audit committee of our Board will monitor the utilization of Issue proceeds in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, our Company shall inform about material deviations in the utilization of Net Issue Proceeds to the BSE Limited and shall also simultaneously make the material deviations / adverse comments of the audit committee public. Any inability on our part to effectively utilize the Issue proceeds could adversely affect our financials.

27. ***Any variation in the utilization of the Net Proceeds as disclosed in this Letter of Offer shall be subject to certain compliance requirements, including prior Shareholders' approval.***

In accordance with Section 27 of the Companies Act, 2013, we cannot undertake any variation in the utilization of the Net Proceeds as disclosed in this Letter of Offer without obtaining the shareholders' approval through a special resolution. In the event of any such circumstances that requires us to undertake variation in the disclosed utilization of the Net Proceeds, we may not be able to obtain the Shareholders' approval in a timely manner, or at all. Any delay or inability in obtaining such Shareholders' approval may adversely affect our business or operations. Further, our Promoters or controlling shareholders would be required to provide an exit opportunity to the shareholders who do not agree with our proposal to modify the objects of the Issue as prescribed in the SEBI (ICDR) Regulations. If our shareholders exercise such exit option, our business and financial condition could be adversely affected. Therefore, we may not be able to undertake variation of objects of the Issue to use any unutilized proceeds of the Issue, if any, even if such variation is in the interest of our Company, which may restrict our ability to respond to any change in our business or financial condition, and may adversely affect our business and results of operations.

28. ***Certain data mentioned in this Letter of Offer has not been independently verified.***

We have not independently verified data from industry publications contained herein and although we believe these sources to be reliable, we cannot assure that they are complete or reliable. Such data may also be produced on a different basis from comparable information compiled with regard to other countries. Therefore, discussions of matters relating to India and its economy are subject to the limitation that the statistical and other data upon which such discussions are based have not been verified by us and may be incomplete or unreliable.

ISSUE SPECIFIC RISKS

29. ***Failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of shareholding.***

The Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Renouncees may not be able to apply in case of failure in completion of renunciation through off-market transfer in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees prior to the Issue Closing Date. Further in case the Rights Entitlements do not get credited in time, in case of On Market Renunciation, such Renouncee will not be able to apply in this Issue with respect to such Rights Entitlements.

30. Any future issuance of the Equity Shares, or convertible securities by our Company may dilute your future shareholding and sales of the Equity Shares by our Promoters or other major shareholders of our Company may adversely affect the trading price of the Equity Shares.

Any future issuance of the Equity Shares, or convertible securities by our Company, including through exercise of employee stock options or restricted stock units may lead to dilution of your shareholding in our Company, adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. Further, any future sales of the Equity Shares by the Promoters and members of our Promoter Group, or other major shareholders of our Company may adversely affect the trading price of the Equity Shares.

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

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares of an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to long-term capital gains tax in India if Securities Transaction Tax (**STT**) is paid on the sale transaction and additionally, as stipulated by the Finance Act, 2017, STT had been paid at the time of acquisition of such equity shares, except in the case of such acquisitions where STT could not have been paid, as notified by the GoI under notification no. 43/2017/F. No. 370142/09/2017-TPL on June 5, 2017. However, Finance Act, 2018, taxes such long term capital gains exceeding ₹1 lakh arising from sale of equity shares on or after April 1, 2018. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of the Equity Shares may be partially or completely exempt from taxation in India in cases where such exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on gains made upon the sale of the Equity Shares.

32. You may not receive the Equity Shares that you subscribe in the Issue until fifteen days after the date on which this Issue closes, which will subject you to market risk.

The Equity Shares that you subscribe in the Issue may not be credited to your demat account with the depository participants until approximately 15 days from the Issue Closing Date. You can start trading such Equity Shares only after receipt of the listing and trading approval in respect thereof. We cannot assure you that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

33. Investors will not have the option of getting the Allotment of Rights Equity Shares in physical form and the Rights Entitlement of Eligible Equity Shareholders holding Equity Shares in physical form ("Physical Shareholders") may lapse in case they fail to furnish the details of their demat account to the Registrar.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, the Rights Entitlements of the Physical Shareholders shall be credited in a suspense escrow demat account opened by our Company during the Issue Period. The Physical Shareholders are requested to furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date to enable the credit of their Rights Entitlements in their demat accounts at least one day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their

demat account to the Registrar not later than two Working Days prior to the Issue Closing Date, shall lapse. Further, pursuant to a press release dated December 3, 2018 issued by the SEBI, with effect from April 1, 2019, a transfer of listed Equity Shares cannot be processed unless the Equity Shares are held in dematerialized form (except in case of transmission or transposition of the Equity Shares and except the pending transfers). For details, refer chapter titled "Terms of the Issue – Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form" on page 159 of this Letter of Offer.

34. Applicants to this Issue are not allowed to withdraw their Applications after the Issue Closing Date.

In terms of the SEBI ICDR Regulations, the Applicants in this Issue are not allowed to withdraw their Applications after the Issue Closing Date. The Allotment in this Issue and the credit of such Equity Shares to the Applicant's demat account with its depository participant shall be completed within such period as prescribed under the applicable laws. There is no assurance, however, that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation or financial condition, or other events affecting the Applicant's decision to invest in the Issue Shares, would not arise between the Issue Closing Date and the date of Allotment in this Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of our Equity Shares. The Applicants shall not have the right to withdraw their Applications in the event of any such occurrence. We cannot assure you that the market price of the Equity Shares will not decline below the Issue Price. To the extent the market price for the Equity Shares declines below the Issue Price after the Issue Closing Date, the shareholder will be required to purchase Issue Shares at a price that will be higher than the actual market price of the Equity Shares at that time. Should that occur, the shareholder will suffer an immediate unrealized loss as a result. We may complete the Allotment even if such events may limit the Applicants' ability to sell our Equity Shares after this Issue or cause the trading price of our Equity Shares to decline.

35. Investors will be subject to market risks until the Issue Shares credited to their demat accounts are listed and permitted to trade.

Investors can start trading the Issue Shares allotted to them only after they are listed and permitted to trade. Since the Equity Shares are currently traded on the Stock Exchange, investors will be subject to market risk from the date they pay for the Issue Shares to the date when trading approval is granted for them. Further, we cannot assure you that the Issue Shares allocated to an Investor will be credited to the Investor's demat account or that trading in the Equity Shares will commence in a timely manner.

36. Your ability to acquire and sell the Issue Shares offered in the Issue is restricted by the distribution, solicitation and transfer restrictions set forth in this Letter of Offer.

No actions have been taken to permit an offering of the Issue Shares in the Issue in any jurisdiction except India. As such, our Issue Shares have not and will not be registered under the U.S. Securities Act, any state securities laws or the law of any jurisdiction other than India. Further, your ability to acquire Issue Shares is restricted by the distribution and solicitation restrictions set forth in this Letter of Offer. For further information, please refer to the chapters entitled *'Notice to Investors', 'Other Regulatory and Statutory Disclosures'* and *'Restrictions on Foreign Ownership of Indian Securities'* on pages 13, 151 and 187 respectively. You are required to inform yourself about and observe these restrictions. Our representatives, our agents and us will not be obligated to recognize any acquisition, transfer or resale of the Issue Shares made other than in compliance with applicable law.

37. Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.

Under the Companies Act, any company incorporated in India must offer its holders of equity shares preemptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the shares voted on such resolution, unless our Company has obtained Government approval to issue without such rights. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to

exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in us would be reduced.

38. Conditions in the Indian securities market may affect the price or liquidity of our Equity Shares.

The Indian securities markets are smaller and more volatile than securities markets in more developed economies. The Indian stock exchanges have, in the past, experienced substantial fluctuations in the prices of listed securities. Prices of listed securities are subject to of volatility linked among other factors to the uncertainty in the global markets and the rising inflationary and interest rate pressures domestically. The governing bodies of the Indian stock exchanges have, from time to time, imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Future fluctuations or trading restrictions could have a material adverse effect on the price of our Equity Shares.

39. The Issue Price of our Rights Equity Shares may not be indicative of the market price of our Equity Shares after the Issue.

The Issue Price of Rights Equity Share may not be indicative of the market price for our Equity Shares after the Issue. The market price of the Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. There can be no assurance that the Investors will be able to sell their Equity Shares at or above the Issue Price. The factors that could affect our share price are:
(a) quarterly variations in the rate of growth of our financial indicators such as earnings per share;
(b) changes in revenue or earnings estimates or publication of research reports by analysts;
(c) speculation in the press or investment community;
(d) general market conditions; and,
(e) domestic and international economic, legal and regulatory factors unrelated to our performance.

40. There is no guarantee that the Rights Equity Shares issued pursuant to the Issue will be listed on the Stock Exchanges in a timely manner or at all and any trading closures at the Stock Exchanges may adversely affect the trading price of our Equity Shares.

In accordance with Indian law and practice, permission for listing of the Rights Equity Shares will not be granted until after those Rights Equity Shares have been issued and allotted. In addition, we are required to deliver the Letter of Offer to SEBI and the Stock Exchanges under the applicable provisions of the Companies Act and the SEBI ICDR Regulations. The trading approvals shall be granted subject to the submission of all other relevant documents authorizing the issuing of Rights Equity Shares. There could be a failure or delay in listing the Rights Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval would restrict investors' ability to dispose of their Equity Shares. Further, a closure of, or trading stoppage on the Stock Exchanges could adversely affect the trading price of the Equity Shares.

EXTERNAL RISK FACTORS

41. Political instability or changes in the government or government policies could impact the liberalization of the Indian economy.

The performance and growth of our Company is dependent on the health of the Indian economy and more generally the global economy. The economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. The rate of economic liberalization could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well. As a result, our business and the market price and liquidity of the Equity Shares may be affected by such economic and / or political changes. While the current government is expected to continue the liberalization of India's economic and financial sectors and deregulation policies, there can be no absolute assurance that such policies will be continued. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India generally and specifically have an adverse effect on the operations of our Company.

42. The occurrence of natural or man-made disasters could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations, cash flows or financial condition. Terrorist attacks and other acts of violence or war may adversely affect the Indian securities markets. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. In addition, India has witnessed local civil disturbances in recent years, and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares.

43. Financial instability, economic developments and volatility in securities markets in other countries may also cause the price of the Equity Shares to decline.

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Currently, the Russia- Ukraine conflict has resulted in significant increase in a global oil prices which could have a significant impact on inflation and cost of production. Additionally, essential raw materials for the manufacture of various products could be affected globally due to the aforementioned European crisis which could have cascading effect on the Indian economy and the trading price of our Equity Shares.

A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of the Equity Shares.

44. Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, may adversely affect our business and financial condition.

Our business and financial performance could be adversely affected by unfavorable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations applicable to us and our business. There can be no assurance that the Government of India may not implement new regulations and policies which will require us to obtain approvals and licenses from the Government of India and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the applicability, interpretation and implementation of any amendment to, or change to governing laws, regulation or policy in the jurisdictions in which we operate may have a material adverse effect on our business, financial condition and results of operations. In addition, we may have to incur expenditures to comply with the requirements of any new regulations, which may also materially harm our results of operations. Any unfavorable changes to the laws and regulations applicable to us could also subject us to additional liabilities.

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy.

The application of various Indian tax laws, rules and regulations to our business, currently or in the future, is subject to interpretation by the applicable taxation authorities. If such tax laws, rules and regulations are amended, new adverse laws, rules or regulations are adopted or current laws are interpreted adversely to our interests, the results could increase our tax payments (prospectively or retrospectively) and / or subject us to penalties. Further, changes in capital gains tax or tax on capital market transactions or sale of shares could affect investor returns. As a result, any such changes or interpretations could have an adverse effect on our business and financial condition.

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

Our business, prospects, results of operations and financial condition depend significantly on worldwide economic conditions and the health of the Indian economy. Various factors may lead to a slowdown in the Indian or world economy which in turn may adversely impact our business, prospects, results of operations and financial condition. Our Company mainly derives revenue from operations in India and the performance and growth of our business is significantly dependent on the performance of the Indian economy. In the past, the Indian economy has been affected by global economic uncertainties, liquidity crisis, domestic policies, global political environment, volatility in interest rates, currency exchange rates, commodity and electricity prices, volatility in inflation rates and various other factors. Accordingly, high rates of inflation in India could increase our Company's employee costs and decrease our operating margins, which could have an adverse effect on our business, prospects, results of operations and financial condition.

Further the Indian economy is undergoing many changes and it is difficult to predict the impact of certain fundamental economic changes on our business. Conditions outside India, such as a slowdown or recession in the economic growth of other major countries, especially the United States, also have an impact on the growth of the Indian economy. Additionally, an increase in trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could negatively affect interest rates and liquidity, which could adversely affect the Indian economy and our Company's business. A slowdown in the Indian economy could adversely affect the policy of the Government of India towards the industry in which our Company operates, which may in turn, adversely affect our financial condition. A loss of investor confidence in other emerging market economies or any worldwide financial instability may adversely affect the Indian economy, which could materially and adversely affect our business, results of operations and financial condition as well as the market price of the Equity Shares.

46. ***The extent and reliability of Indian infrastructure could adversely affect our Company's results of operations and financial condition. India's physical infrastructure is in a developing phase, as compared to that of many developed nations.***

Any congestion or disruption in its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt our Company's normal business activity. Any deterioration of India's physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies, and add costs to doing business in India. These problems could have an adverse effect on our results of operations and financial condition.

47. ***A downgrade in ratings of India, may affect the trading price of the Equity Shares.***

Our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. India's sovereign rating is Baa3 with a "stable" outlook (Moody's), BBB– with a "stable" outlook (S&P) and BBB– with a "negative" outlook (Fitch). Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available, including raising any overseas additional financing. A downgrading of India's credit ratings may occur, for example, upon a change of government tax or fiscal policy, which are outside our control. This could have an adverse effect on our ability to fund our growth on favourable terms or at all, and consequently adversely affect our business and financial performance and the price of our Equity Shares.

48. ***Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.***

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or fall under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/ tax clearance certificate from the income tax authority. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

SECTION III – INTRODUCTION

THE ISSUE

This Issue has been authorized through a resolution passed by our Board at its meeting held on January 28, 2022 and Shareholders resolutions via EGM held on March 03, 2022 pursuant to Section 62 of the Companies Act, 2013 and other applicable provisions.

The following is a summary of this Issue and should be read in conjunction with and is qualified in its entirely by, the information detailed in **"*Terms of the Issue*"** on page 159 of this Letter of Offer.

PARTICULARS	SCHEME DETAILS
Equity Shares proposed to be issued	Up to 4,02,68,236 Rights Equity Shares
Rights Entitlements	4 Rights Equity Shares for every 1 Equity Shares held on the Record Date.
Record Date	01st September, 2022 (Thursday)
Face value per Equity Share	Rs. 10 per equity share
Issue Price per Rights Equity Share	Rs. 11/- per equity share (including a premium of Re. 1/- per equity share)
Issue Size	Up to 4,02,68,236 equity shares of face value Rs. 10/- each for cash at a price of Rs. 11/- (Including a premium of Re. 1/-) per Rights Equity Share up to an amount of Rs. 44,29,50,596/-* *Assuming full subscription and receipt of all Call Monies with respect to Rights Equity Shares
Voting Rights and Dividend	The Equity Shares issued pursuant to this Issue shall rank pari pasu in all respects with the Equity Shares of our Company.
Equity Shares issued, subscribed and paid-up prior to the Issue	1,00,67,059 Equity Shares
Equity Shares outstanding after the Issue (assuming full subscription for and allotment of the Rights Equity Shares) and having made fully paid-up	5,03,35,295 Equity Shares
Use of Issue Proceeds	For details, see **"Objects of the Issue"** on page 50 of the Letter of Offer
Terms of the Issue	For details, see **"Terms of the Issue"** on page 159 of the Letter of Offer
Security Code	ISIN: **INE063Z01017**; BSE: **540936**

For details in relation fractional entitlements, see "Terms of the Issue-Fractional Entitlements" beginning on page 159 of this Letter of Offer.

Payment Schedule of Rights Equity Share is as follows:

(Amount in Rs.)

Amount payable per Rights Equity Shares (1)	Face Value	Premium	Total
On Application (2)	2.50	0.25	2.75
One or more subsequent Call(s) as determined by our Board/ Committee at its sole discretion, from time to time (3)	7.50	0.75	8.25
Total	**10.00**	**1.00**	**11.00**

(1) For further details on Payment Schedule, see "Terms of the Issue" on page 159.
(2) The application monies constitutes 25.00% of the Issue Price
(3) The subsequent call monies constitutes 75.00% of the Issue Price

SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from the Financial Statements. Our summary financial information presented below, is in Rupees in Lakhs and should be read in conjunction with the financial statements and the notes (including the significant accounting principles) thereto included in the section "Financial Information" on page 89 of this Letter of Offer.

ANNEXURE 01

STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. In Lakhs)

Particulars	Annexure nos.	As on March 31,			
		2022	2021	2020	2019
Equity & Liabilities					
Shareholders' Funds					
Share Capital	5	1006.71	1006.71	549.11	549.11
Share Application Money		-	-	-	-
Reserve & Surplus	5	423.57	383.39	806.90	750.45
Total (A)		**1430.28**	**1390.10**	**1356.01**	**1299.56**
Non-Current Liabilities					
Long Term Borrowings		-	-	-	-
Deferred Tax Liabilities (Net)	6	7.83	5.19	5.19	2.59
Long Term Provisions		-	-	-	-
Total (B)		**7.83**	**5.19**	**5.19**	**2.59**
Current Liabilities					
Short Term Borrowings	7	814.99	587.79	69.70	14.68
Trade Payables	8	2672.40	1733.98	79.46	137.62
Other Current Liabilities	9	-	-	1.07	-
Short Term Provisions	10	26.33	8.37	17.45	7.25
Total (C)		**3513.72**	**2330.14**	**167.68**	**159.55**
Total (D=A+B+C) - TOTAL LIABILITIES		**4951.83**	**3725.43**	**1528.88**	**1461.70**
Non Current Assets					
Fixed Assets					
Tangible Asset	11	213.47	223.52	50.95	61.11
Intangible Asset		-	-	-	-
Non-Current Investments		-	-	-	-
Long Term Loans & Advances		-	-	-	-
Other Non-Current Assets		-	-	-	-
Deferred Tax Assets		-	-	-	-
Total (E)		**213.47**	**223.52**	**50.95**	**61.11**
Current Assets					
Current Investments			-	-	-
Inventories	12	1464.83	2222.34	853.48	183.62
Trade Receivables	13	3185.39	1190.67	10.19	889.30
Cash & Bank Balances	14	39.54	11.43	69.81	50.27
Short Term Loans & Advances	15	15.36	15.00	513.02	262.24
Other Current Assets	16	33.24	62.47	31.43	15.16
Total (F)		**4738.36**	**3501.91**	**1477.93**	**1400.59**

Particulars	Annexure nos.	As on March 31,			
		2022	2021	2020	2019
Total (G=E+F) - TOTAL ASSETS		**4951.83**	**3725.43**	**1528.88**	**1461.70**

ANNEXURE 02

STATEMENT OF PROFIT & LOSS, AS RESTATED

(Rs. In Lakhs)

Particulars	Annexure nos.	As on March 31,			
		2022	2021	2020	2019
Revenue					
I. Revenue From Operation					
Sale of Products	17	18006.01	9357.61	32817.04	4372.82
II. Other Income	18	14.15	24.18	61.07	0.00
Total Revenue (I+II)		**18020.16**	**9381.79**	**32878.11**	**4372.82**
Expenses					
Purchase of Stock-in-Trade	19	17049.30	10645.31	33399.08	4102.69
Changes in Inventories	20	757.51	(1368.86)	(669.85)	190.64
Employee Benefit Expenses	21	79.77	23.23	33.02	31.90
Finance Cost	22	28.43	5.52	0.26	0.24
Depreciation and Amortization Expenses		15.10	8.18	10.16	5.56
Other Expenses	23	16.91	27.04	30.49	17.00
Total Expenses		**17947.02**	**9340.42**	**32803.16**	**4348.03**
Profit before extraordinary items and tax		**73.14**	**41.37**	**74.95**	**24.79**
Prior period items (Net)		**-**	**-**	**-**	**-**
Net profit before Tax - Operating Income		**73.14**	**41.37**	**74.95**	**24.79**
Provision for Taxes					
1. Current taxes		18.42	-	15.00	4.47
2. Tax adjustment of earlier years		-	7.29	-	-
4. Deferred tax (Assets)\ Liabilities		2.64	-	2.59	2.59
Profit after tax and before extraordinary items		**52.08**	**34.08**	**57.36**	**17.73**
Extraordinary items		-	-	-	-
Net Profit after extraordinary items available for appropriation		**52.08**	**34.08**	**57.36**	**17.73**
Proposed Dividend		-	-	-	-
Dividend distribution tax		-	-	-	-
Net profit carried to Balance sheet		**52.08**	**34.08**	**57.36**	**17.73**

ANNEXURE 03

STATEMENT OF CASH FLOWS, AS RESTATED

(Rs. In Lakhs)

Particulars	As on March 31,			
	2022	2021	2020	2019
A. Cash Flows From Operating Activities				
Net Profit before Tax	73.14	41.37	74.95	24.80
Adjustments for:-				
Depreciation	15.10	8.18	10.16	5.56
Interest & Finance charges	28.43	5.52	0.26	0.24
Other Income	(14.15)	(24.18)	(61.07)	-
Preliminary Expenses Written Off (Net)	-	-	-	3.25
Operating Cash Generated Before Working Capital Changes	**102.52**	**30.89**	**24.30**	**33.85**
Decrease (Increase) in Current Investments		-	-	-
(Increase) / Decrease in Inventory	757.51	(1368.86)	(669.85)	190.64
(Increase)/ Decrease in Receivables	(1994.72)	(1180.48)	879.10	(81.98)
(Increase) / Decrease in Loans and Advances	(0.36)	498.03	(250.79)	(262.24)
(Increase)/Decrease in Other current assets	29.24	(31.05)	(16.27)	10.26
Increase/(Decrease) in Short term borrowing	227.20	518.08	55.03	-
Increase/(Decrease) in Trade Payable	938.42	1654.52	(58.15)	130.74
Increase/(Decrease) in Other Liabilities	-	-	1.07	-
Increase / (Decrease) in Short Term Provisions	17.96	(10.15)	10.20	2.48
Increase / (Decrease) in Long Term Provisions	-	-	-	-
Cash generated from operations	**77.77**	**110.98**	**(25.36)**	**23.75**
Less : Direct taxes (paid) / refund	30.33	7.29	15.00	7.70
Less : Appropriation of Profit	-	-	-	-
Net Cash from before Extra-ordinary items	**47.44**	**103.69**	**(40.36)**	**16.05**
Extra-ordinary items	**-**	**-**	**-**	**-**
Net Cash Flow from Operating Activities (A)	**47.44**	**103.69**	**(40.36)**	**16.05**
B. Cash Flows From Investing Activities				
Sale / (Purchase) of Fixed Assets (Net)	(5.05)	(180.75)	-	(0.49)
Sale / (Purchase) of Non-Investments (Net)	-	-	-	-
Interest Received	-	-	-	-
Finance Cost	(28.43)	(5.52)	(0.26)	-
Other Income	14.15	24.18	61.07	-
Long term Loans & Advances	-	-	-	-
Sale of Investment	-	-	-	-
Net Cash Generated From Investing Activities (B)	**(19.13)**	**(162.09)**	**60.81**	**(0.49)**
C. Cash Flow From Financing Activities				
Net Increase/(Decrease) in Short Term Borrowings	-	-	-	-
Share Application Money Received	-	-	-	-
Proceeds / (Repayment) of Long Term Borrowings	-	-	-	-
Increase/(Decrease) in Unsecured Loans	-	-	-	-
Proceeds From issue of Share Capital	-	457.60	-	-
Increase/(Decrease) in Share Premium	-	(457.60)	-	-
Share Issue Expense	-	-	-	(0.15)

Adjustments in Reserves and Surplus	-	-	(0.91)	-
Decrease (Increase) in Long Term Loans & Advances	-	-	-	-
Increase / (Decrease) in Short term Borrowings	-	-	-	3.37
Interest Expenses	-	-	-	(0.24)
Dividend Paid (including Dividend Tax)	-	-	-	-
Net Cash from Financing Activities [C]	**0.00**	**0.00**	**(0.91)**	**2.98**
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)	**28.11**	**(58.39)**	**19.54**	**18.54**
Opening Balance of Cash and Cash Equivalents	**11.43**	**69.81**	**50.27**	**31.73**
Closing Balance of Cash and Cash Equivalents	**39.54**	**11.43**	**69.81**	**50.27**

GENERAL INFORMATION

Our Company was originally incorporated as "Gautam Gems Private Limited" on February 18, 2014 under the Companies Act, 1956 vide certificate of incorporation issued by the Registrar of Companies, Gujarat, Dadra and Nagar Havelli. Subsequently, Our Company was converted in to a public company and consequently name was changed to "Gautam Gems Limited" (GGL) vide fresh certificate of incorporation dated August 16, 2017 issued by Registrar of Companies, Gujarat, Dadra and Nagar Havelli.

Registered Office

CIN	: **L36911GJ2014PLC078802**
Registration Number	: 078802
Address	: 3rd Floor, Office – 301, Sumukh, Super Compound, Vasta Devadi Road, Katargam, Surat 395004, Gujarat, India.
Tel No.	: +91 261 2538046
Email Id	: compliance ggl@gmail.com
Website	: www.gautamgems.com
Contact Person	: Mr. Anilbhai Keshubhai Modhavadiya

Corporate Office-The Company does not have a separate corporate office. Hence, the registered office and corporate office is one and same.

Address of the RoC

Our Company is registered with the Registrar of Companies, Gujarat at Ahmedabad, which is situated at the following address:

Address	ROC Bhavan, Opp Rupalben Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad-380013
Tel No.	: +91 79 27437597
Fax No.	: +91 79 27438371
Email Id	: roc.ahmedabad@mca.gov.in

DESIGNATED STOCK EXCHANGE

BSE Limited located at P. J. Towers, Dalal Street, Fort, Mumbai 400 001, Maharashtra, India is the Designated Stock Exchange for the proposed Rights Issues of the Company.

OUR BOARD OF DIRECTORS

The following table sets out details regarding our Board as on the date of this Letter of Offer:

Name and Designation	Age	DIN	PAN Card No.	Address
Mr.Gautam Pravinchandra Sheth; Managing Director	35 yrs	06748854	AQRPS2408M	3-A, 1st Floor, Royal Villa Apartment, Opp. Guru Krupa Soc., Surat 395007, Gujarat, India
Mrs. Nidhi Gautam Sheth; Whole-Time Director	35 yrs	06748877	AWUPS3519A	3-A, 1st Floor, Royal Villa Apartment, Opp. Guru Krupa Soc., Surat 395007, Gujarat, India
Mrs. Kanchanben Pravinchandra Sheth; Executive Director	62 yrs	06748900	ADOPS2917D	3-A, 1st Floor, Royal Villa Apartment, Opp. Guru Krupa Soc., Surat 395007, Gujarat, India
Mr. Prakash Nanalal Mehta; Independent Director	40 yrs	07919440	AGOPM4040L	B/2 Kalpvrux Apartment,Rangil Das Mehta Street, Gopipurs, Surat M Corp., Surat 395001,Gujarat, India
Mr. Pravin Manilal Parekh; Professional Non-Executive Director	42 yrs	07919428	AAQPP0648D	302 Navpad Building, Hanuman Char Rasta, Opp.SBI Bank,Gopipura, Surat M Corp, Surat 395001, Gujarat, India
Mr. Harshit	33	08463595	AFQPV0126D	C-401, Gala Aura, South Bopal,

Name and Designation	Age	DIN	PAN Card No.	Address
Hashmukhbhai Vadecha Non-executive Independent Director	yrs			Ahmedabad – 380 058, Gujarat, India206-4 Floor, Sanghvi Tower-2, Vidhi Apartment, Near Gujarat Gas Circle, Adajan
Mr. Umeshbhai Rasiklal Gor Non-executive Independent Director	52 yrs	08845586	AEGPG8062E	A-407, Vinayak Residency, behind Anand Tower, Dudhiya Cross Road, Daskroi, Ahmedabad- 382481

For detailed profile of our Board of Directors, refer to chapter titled ***'Our Management'*** on page no. 78 of this Letter of Offer.

MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

Name : **MR. GAUTAM PRAVINCHANDRA SHETH**
Address : 3rd Floor, Office – 301, Sumukh, Super Compound, Vasta Devadi Road, Katargam, Surat 395004, Gujarat, India.
Tel No. : +91 261 2538046
Email Id : sheth82@hotmail.com
Website : www.gautamgems.com

CHIEF FINANCIAL OFFICER

Name : **MR. SAMIR LALITBHAI SHAH**
Address : 3rd Floor, Office – 301, Sumukh, Super Compound, Vasta Devadi Road, Katargam, Surat 395004, Gujarat, India
Tel No. : +91 261 2538046
Email Id : complianceggl@gmail.com
Website : www.gautamgems.com

COMPANY SECRETARY & COMPLIANCE OFFICER

Name : **MR. ANILBHAI KESHUBHAI MODHAVADIYA**
Address : 3rd Floor, Office – 301, Sumukh, Super Compound, Vasta Devadi Road, Katargam, Surat 395004, Gujarat, India
Tel No. : +91 261 2538046
Email Id : complianceggl@gmail.com
Website : www.gautamgems.com

Investor Grievances

Investors are advised to contact the Company Secretary and Compliance Officer or Registrar to the Issue for any pre-Issue or post-Issue related problems such as non-receipt of Abridged Letter of Offer / CAF / letter of allotment, Split Application Forms, Share Certificate(s) or refund orders, etc. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs, giving full details such as name, address of the Applicant, contact number(s), e-mail ID of the sole/ first holder, folio number or demat account number, serial number of the CAF, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the CAF, or the plain paper application, as the case may be, was submitted by the ASBA Investors along with a photocopy of the acknowledgement slip. For details on the ASBA process as well as for non- ASBA process, see "Terms of the Issue" on page 159.

PEER REVIEW AND STATUTORY AUDITORS

Name	**: BHAGAT & CO., CHARTERED ACCOUNTANTS**
Address	: 24, Laxmi Chambers, Navjeevan Press Road, Nr. Old High Court, Income Tax, Ahmedabad 380014
Tel No.	: +91 79 27541551/ 9998040610
Email Id	: bhagatco2015@gmail.com
Contact Person	: Mr. Shankar Prasad Bhagat / Mr. Sandeep H Mulchandani
Membership No.	: 052725/ 144241
Firm Registration No.	: 127250W

LEGAL ADVISOR TO THE ISSUE

Name	**: SHAHNAWAZ D SHAIKH**
Address	: Mansi Ni Chali, Opp. Big Bazar, Near Aryasamaj Mandir, Ahmedabad-380001
Tel No.	: +91 9824408372
Email Id	: shahnawazsmarty9@gmail.com

REGISTRAR TO THE ISSUE

Name	: **KFIN TECHNOLOGIES LIMITED**
Address	: Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi -500 032, Telangana, India
Tel No.	: +91 40 6716 2222/ 1-800-309-4001
Toll Free No.	: 1800-309-4001
Email Id	: gautamgems.rights@kfintech.com
Investor grievance e-mail	: einward.ris@kfintech.com
Contact Person	: Mr. M Murali Krishna
Website	: www.kfintech.com
SEBI Registration No.	: INR000000221

BANKERS TO THE COMPANY

Name	**: AXIS BANK LIMITED**
Address	: Ground and 1st Floor, City Survey No. 2604, Ward No. 10, Chauta Pool, Rajmarg Bhagal, Talao, Bhagal – 395 003, Surat, Gujarat, India
Tel No.	: +91 261 2592044
Email Id	: sunil5.pandey@axisbank.com
Contact Person	: Mr. Sunilkumar Pandey
Website	: www.axisbank.com

Name	**: CENTRAL BANK OF INDIA**
Address	: Fulpada Road, Katargam, Surat – 395004, Gujarat, India
Tel No.	: +91 261 248 4974
Email Id	: bmsura5083@centralbank.co.in
Contact Person	: Sauvik Bhattacharya
Website	: www.centralbankofindia.co.in

Name	**: ICICI BANK LIMITED**
Address	: 52, Basotia House, Atop Nagar, Near Vidhya Bharti School, Bhatar Road, Surat – 395002, Gujarat, India
Tel No.	: +91 70433 33232
Email Id	: sandip.chauhan@icicibank.com
Contact Person	: Sandip Chauhan
Website	: www.icicibank.com

Name	**: INDUSIND BANK LIMITED**
Address	: G-4, Mangaldeep Complex, Hirabaugh Circle, Varachha Road, Kapodara,

	Surat – 395006, Gujarat, India
Tel No.	: +91 0261 2508801
Email Id	: dipika.pandya@indusind.com
Contact Person	: Dipika Pandya
Website	: www.indusind.com

Name	**: YES BANK**
Address	: Ground Floor, Mangaldeep, Ring Road, Near Mahaveer Hospital, Near TRTO, Surat – 395001, Gujarat, India
Tel No.	: + 0261 6629000
Email Id	: sandeep.gadhavi@yesbank,in
Contact Person	: Sandeep Gadhavi
Website	: www.yesbank.in

BANKER TO THE ISSUE/ REFUND BANK

Name	**: AXIS BANK**
Address	: G-02 SAAMAN II, Opp. Reliance Petrol Pump,100 ft. Road, Prahalad nagar Road, Vejalpur, Ahmedabad- 380051.
Tel No.	: 079--61904314 (M) 8980800581 and (M) 9825609031
Email Id	: vejalpur.branchhead@axisbank.com
Contact Person	: Heta Shah (Branch Manager) and Sagar Vaidya (Manager)
Website	: www.axisbank.com

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, please refer to the above-mentioned link.

Registered Brokers

In accordance with SEBI Circular No. CIR/CFD/14/2012 dated October 04, 2012 and CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, Applicants can submit Application Forms with the Registered Brokers at the Broker Centers, CDPs at Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone numbers, are available at the websites of the NSE at www.nseindia.com and BSE at www.bseindia.com respectively, as updated from time to time.

Registrar and Share Transfer Agents

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, are provided on the websites of Stock Exchanges at https://www1.nseindia.com/products/content/equities/ipos/asba_procedures.htm and https://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6, as updated from time to time.

Collecting Depository Participants

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, are provided on the websites of Stock Exchanges.

Credit Rating

As the proposed Issue is of Rights Equity Shares, the appointment of a credit rating agency is not required.

Debenture Trustee

As the proposed Issue is of Rights Equity Shares, the appointment of debenture trustee is not required.

Monitoring Agency

Since the size of the Issue is less than Rs. 10,000 Lakh, our Company is not required to comply with the provisions of the SEBI ICDR Regulations including the provisions relating to appointment of monitoring agency.

Appraising Entity

None of the purposes for which the Net Proceeds are proposed to be utilized have been appraised by any banks or financial institution or any other independent agency.

Expert

Our Company has received a written consent dated May 31, 2022 from our Statutory Auditors, M/s Bhagat & Co., Chartered Accountants, to include their names in this Letter of Offer as an "expert", as defined under applicable laws, to the extent and in their capacity as statutory auditors, and in respect of the reports issued by them and the Statement of Tax Benefits, included in this Letter of Offer. Such consent has not been withdrawn as on the date of this Letter of Offer.

Underwriting Agreement

This Issue is not underwritten and our Company has not entered into any underwriting arrangement.

Changes in Auditors during the last three years

M/s. Bhagat & Co., Chartered Accountants was appointed as Peer Review and Statutory Auditors of our Company at EGM dated March 03, 2022 in place of M/s. Parth Shah And Associates., Chartered Accountants.

Filing

SEBI vide the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of Letter of Offer with SEBI for rights issues has been increased. The threshold of the rights issue size under Regulation 3 (b) of the SEBI ICDR Regulations has been increased from Rupees ten crores to Rupees fifty crores.

Since the size of this Issue falls below this threshold, this Letter of Offer will be filed with the Stock Exchanges and not with SEBI. However, the Letter of Offer will be submitted with SEBI for information and dissemination and will be filed with the Stock Exchanges.

This Letter of Offer is being filed with the Stock Exchanges i.e BSE as per the provisions of the SEBI ICDR Regulations. Further, in light of the SEBI notification dated March 27, 2020, our Company will submit a copy of this Letter of Offer to the e -mail address: cfddil@sebi.gov.in.

Minimum Subscription

The objects of the Issue are meeting the Working Capital Requirements and General Corporate Purpose, and do not involve financing of capital expenditure for a project.

Further, our Promoters and Promoter Group have undertaken that they will subscribe to the full extent of their Rights Entitlements and that they shall not renounce their Rights Entitlements (except to the extent of renunciation by any of them in favour of any other Promoter or member of the Promoter Group) subject to the aggregate shareholding of our Promoters and Promoter Group being compliant with the minimum public shareholding requirements under the SCRR and the SEBI Listing Regulations.

Accordingly, in terms of Regulation 86(1) of the SEBI ICDR Regulations, the requirement of minimum subscription is not applicable to the Issue.

Issue Schedule

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below:

PARTICULARS	SCHEDULE
Last Date for Credit of Rights Entitlements	09th September, 2022 (Friday)
Issue Opening Date	15th September, 2022 (Thursday)
Last Date for On Market Renunciation of Rights Entitlements#	26th September, 2022 (Monday)
Issue Closing Date*	30th September, 2022 (Friday)
Finalization of Basis of Allotment (on or about)	11th October, 2022 (Tuesday)
Date of Allotment (on or about)	12th October, 2022 (Wednesday)
Date of Credit (on or about)	14th October, 2022 (Friday)
Date of Listing (on or about)	17th October, 2022 (Monday)

#*Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*

**Our Board or a duly authorized committee thereof will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date*

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date i.e., 30th September, 2022 to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date i.e., 30th September, 2022.

Investors are advised to ensure that the Applications are submitted on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be liable for any loss on account of non- submission of Applications on or before the Issue Closing Date. Further, it is also encouraged that the applications are submitted well in advance before Issue Closing Date, due to prevailing COVID-19 related conditions. For details on submitting Application Forms, see **"*Terms of the Issue*"** beginning on page 159.

Please note that if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall get lapsed and shall be extinguished after the Issue Closing Date. No Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the amount paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Equity Shares offered under Rights Issue for subscribing to the Equity Shares offered under Issue.

The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar at www.kfintech.com after keying in their respective details along with other security control measures implemented there at. For further details, see "Terms of the Issue – Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders" on page 159.

CAPITAL STRUCTURE

The share capital of our Company as of the date of this Letter of Offer (before and after the Issue) is set forth below:

(Amount in Rs.)

Particulars	**Aggregate Value At Nominal Value**	**Aggregate Value At Issue Price**
Authorized Share Capital		
5,03,50,000 Equity Shares of Rs. 10/- each	50,35,00,000	-
Issued, Subscribed And Paid Up Share Capital Before The Issue		
1,00,67,059 Equity Shares of Rs. 10/- each	10,06,70,590	-
Present Issue In Terms Of This Letter of Offer (1)		
4,02,68,236 Equity Shares of Rs. 10/- each for Cash price of Rs. 11/- per Share including premium of Re. 1/- per share	40,26,82,360	44,29,50,596
Issued, Subscribed And Paid Up Share Capital After The Issue *		
5,03,35,295 Equity Shares of Rs. 10/- each (2)	50,33,52,950	-
Securities Premium Account		
Before the Issue	2,50,29,360	-
After the Issue	6,52,97,596*	-

(1) The Issue has been authorised by our Board pursuant to a resolution dated January 28, 2022, and by our Equity Shareholders pursuant to a resolution passed at the extraordinary general meeting held on March 03, 2022.
(2) Assuming full subscription and allotment by/to the Eligible Equity Shareholders of the Rights Equity Shares. Please note that the Payment Schedule and the right to call up the remaining paid-up capital in one or more calls will be as determined by our Board at its sole discretion.

Notes to Capital Structure

1) There are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into our Equity Shares as on the date of this Letter of Offer.

2) Our Company does not have any employee stock option scheme or employee stock purchase scheme.

3) No Equity Shares have been acquired by the other Promoters or members of Promoter Group in the last (1) one year immediately preceding the date of filing of this Letter of Offer.

4) No Equity Shares have been pledge by our Promoter or Promoter Group have been locked-in, pledged or encumbered as of the date of this Letter of Offer.

5) **Intention and extent of participation by our Promoters and Promoter Group**

   Pursuant to letter dated May 12, 2022, Mr. Gautam Pravinchandra Sheth ("Subscription Letter"), has confirmed that he along with other Promoters and certain members of Promoter Group of our Company, intend to subscribe, jointly and / or severally, to the full extent of their Rights Entitlements (including through subscription of any Rights Entitlements renounced in their favour by any other Promoter or member(s) of the Promoter Group of our Company).

   Further, our Promoters and certain members of the Promoter Group also reserve the right to apply for, subscribe to Additional Rights Equity Shares, over and above their Rights Entitlements (including unsubscribed portion of the Issue, if any) for ensuring minimum subscription in the Issue as required under the SEBI ICDR Regulations,

subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI Listing Regulations.

The acquisition of Additional Rights Equity Shares by our Promoters and members of our Promoter Group, over and above their Rights Entitlements, if any, shall not result in a change of control of the management of our Company and shall be in accordance with provisions of the SEBI SAST Regulations and in case if acquisition of Rights Equity Shares by our Promoters and our Promoter Group, over and above their Rights Entitlements triggers open offer obligation under SEBI SAST Regulations, our Promoters and our Promoter Group shall comply with the same. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements under applicable law, pursuant to this Issue.

Mr. Gautam Pravinchandra Sheth has vide his letter dated May 12, 2022 has confirmed that an amount of Rs. 475.00 Lakhs, which has been identified as the part of the unsecured loans which have to be repaid to him through this Issue, shall be adjusted towards the application money to be received by the Company, for the subscription to the Rights Equity Shares to be allotted in this Issue, from him, to the extent of his entitlement, renunciation of entitlement made in his favour by the members of Promoter Group (if any) as well as Additional Rights Equity Shares to be applied for by him for the unsubscribed portion, (in part or full, as the case may be) in the Issue. Consequently, no fresh Issue proceeds would be received by our Company to the extent of Rs. 475.00 Lakhs.

6) The ex-rights price of the Equity Shares as per Regulation 10(4)(b) of the SEBI SAST Regulations is Rs. 11.52/-.

7) At any given time, there shall be only one denomination of the Equity Shares of our Company.

8) Except as disclosed in this Letter of Offer, all Equity Shares are fully paid up and there are no partly paid up Equity Shares as on the date of this Letter of Offer. Further, the Equity Shares to be allotted pursuant to the Issue, shall be partly paid up. For further details on the terms of Issue, please see section titled "Terms of the Issue" beginning on page 159.

9) **Shareholding pattern of our Company as per the last quarterly filing with the Stock Exchanges in compliance with the SEBI Listing Regulations.**

a. The shareholding pattern of our Company as on June 30, 2022 can be accessed on the website of the BSE at: https://www.bseindia.com/stock-share-price/gautam-gems-ltd/ggl/540936/shareholding-pattern/

Category of shareholder	**No. of shareholders**	**No. of fully paid up equity shares held**	**Total no. shares held**	**Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)**	**No. of Voting Rights**	**Total as a % of Total Voting right**	**No. of equity shares held in dematerialized form**
(A) Promoter & Promoter Group	4	21,55,331	21,55,331	21.41	21,55,331	21.41	21,55,331
(B) Public	9,414	79,11,728	79,11,728	78.59	79,11,728	78.59	79,11,728
(C1) Shares underlying DRs				0.00		0.00	
(C2) Shares held by Employee Trust				0.00		0.00	
(C) Non Promoter-Non Public				0.00		0.00	
Grand Total	**9,418**	**1,00,67,059**	**1,00,67,059**	**100.00**	**1,00,67,059**	**100.00**	**1,00,67,059**

b. The statement showing holding of Equity Shares of the person belonging to the category "**Promoter and Promoter Group**" including details of lock- in, pledge of and encumbrance thereon, as on June 30, 2022 can be accessed on the website of the BSE at: https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=540936&qtrid=113.00&QtrName=June%202022

Category of shareholder	**Entity Type**	**Nos. of shareholders**	**No. of fully paid up equity shares held**	**Total nos. shares held**	**Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)As a % of (A+B+C2)**	**Number of Voting Rights held in each class of securities**		**Number of equity shares held in dematerialized form**
						Class eg: X	**Total**	
A1) Indian					0.00		0.00	
Individuals/Hindu undivided Family		4	21,55,331	21,55,331	21.41	21,55,331	21.41	21,55,331
Gautam Pravinchandra Sheth	Promoter	1	18,48,870	18,48,870	18.37	18,48,870	18.37	18,48,870
Nidhi Gautam Sheth	Promoter	1	1,51,947	1,51,947	1.51	1,51,947	1.51	1,51,947
Kanchanben Pravinbhai Sheth	Promoter Group	1	1,54,000	1,54,000	1.53	1,54,000	1.53	1,54,000
Reshma Shashikant Virwadia	Promoter Group	1	514	514	0.01	514	0.01	514

Sub Total A1		**4**	**21,55,331**	**21,55,331**	**21.41**	**21,55,331**	**21.41**	**21,55,331**
A2) Foreign					**0.00**		**0.00**	
A=A1+A2		**4**	**21,55,331**	**21,55,331**	**21.41**	**21,55,331**	**21.41**	**21,55,331**

c. The statement showing holding of securities (including Equity Shares, warrants, convertible securities) of persons belonging to the category "Public" including Equity Shareholders holding more than 1% of the total number of Equity Shares as on June 30, 2022 can be accessed on the website of the BSE at: https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=540936&qtrid=113.00&QtrName=June%202022

Category & Name of the Shareholders	**No. of shareholder**	**No. of fully paid up equity shares held**	**Total no. shares held**	**Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)**	**No. of Voting Rights**	**Total as a % of Total Voting right**	**No. of equity shares held in dematerialized form(Not Applicable)**
B1) Institutions	0	0		0.00		0.00	
B2) Central Government/ State Government(s)/ President of India	0	0		0.00		0.00	
B3) Non-Institutions	0	0		0.00		0.00	
Individual share capital upto Rs. 2 Lacs	9237	4537532	45,37,532	45.07	45,37,532	45.07	45,37,532
Individual share capital in excess of Rs. 2 Lacs	43	2786972	27,86,972	27.68	27,86,972	27.68	27,86,972
Any Other (specify)	134	587224	5,87,224	5.83	5,87,224	5.83	5,87,224
Non-Resident Indian (NRI)	28	41306	41,306	0.41	41,306	0.41	41,306
Clearing Members	11	29442	29,442	0.29	29,442	0.29	29,442
Bodies Corporate	15	320337	3,20,337	3.18	3,20,337	3.18	3,20,337
Vivid Mercantile Limited	1	169404	1,69,404	1.68	1,69,404	1.68	1,69,404
HUF	1	196139	1,96,139	1.95	1,96,139	1.95	1,96,139
Sub Total B3	**9414**	**7911728**	**79,11,728**	**78.59**	**79,11,728**	**78.59**	**79,11,728**
B=B1+B2+B3	**9414**	**7911728**	**79,11,728**	**78.59**	**79,11,728**	**78.59**	**79,11,728**

d. Details **of the Shareholders holding more than 1% of the issued and paid-up equity share capital as on June 30, 2022 is as follows**:

Sr. No.	**Name of the Shareholder**	**No. of shares held**	**% of no. of shares**
1.	Gautam Pravinchandra Sheth	18,48,870	18.37
2.	Manish Kumar	5,00,000	4.97
3.	Mahesh Ajit Malkani	2,34,372	2.33
4.	Vivid Mercantile Limited	1,69,404	1.68
5.	Aiyub Mohamed Yacoobali	1,68,287	1.67
6.	Dixit N Borisa	1,65,000	1.64
7.	Kanchanben Pravinbhai Sheth	1,54,000	1.53

Sr. No.	Name of the Shareholder	No. of shares held	% of no. of shares
8.	Nidhi Gautam Sheth	1,51,947	1.51
9.	Dineshbhai Kanjibhai Thakkar	1,43,000	1.42
10.	Chirag Shah	1,21,000	1.20

OBJECTS OF THE ISSUE

Our Company intends to utilize the proceeds of the Issue, after deducting Issue related expenses ("Net Proceeds") towards the following objects:

1. Repayment of Unsecured Loans availed from the Promoters
2. To meet Working Capital requirement of the Company; and
3. General corporate purposes

(Collectively, referred to herein as the "Objects").

The main objects clause of our Memorandum of Association and the objects incidental and ancillary to the main objects enables us to undertake the activities for which funds are being raised in the Issue. The existing activities of our Company are within the objects clause of our Memorandum of Association.

Utilization of Issue Proceeds

The details of the Issue Proceeds are set out below:

Particulars	Amount (Rs. In Lakhs)
Gross Proceeds of the Issue	4429.51
Less: Issue related expenses	70.00
Net Proceeds*	**4359.51**

** Assuming full subscription*

Requirement of Funds

Particulars	Amount (Rs. In Lakhs)
Repayment of Unsecured Loans availed from the Promoters	475.00
To meet Working Capital requirement of the Company	3834.51
General Corporate Purposes	50.00
Issue related expenses	70.00
Total	**4429.51**

Utilization of Net Proceeds

Our Company proposes to deploy the Net Proceeds in the aforesaid objects as follows:

Particulars	Amount (Rs. In Lakhs) *
Repayment of Unsecured Loans availed from the Promoters	475.00
To meet Working Capital requirement of the Company	3834.51
General Corporate Purposes **	50.00
Total * **	**4359.51**

Please note that any portion of the Net Proceeds not deployed for the stated Objects in a particular Financial Year will be deployed by our Company in next Financial Year and/ or ahead of the estimated schedule of deployment.
**Any portion of the Net Proceeds not deployed for the stated Objects in a particular Financial Year will be deployed by our Company in next Financial Year and/ or ahead of the estimated schedule of deployment.*
*** Subject to the finalization of the Basis of Allotment and the Allotment. While the amount is subject to adjustment upon finalization of Issue related expenses, however, in no event, shall general corporate purposes exceed 25% of the Gross Proceeds.*
**** Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment and to be adjusted per the Rights Entitlement ratio.*

Means of Finance

Our Company proposes to meet the entire requirement of funds for the objects of the Issue from the Net Proceeds. Accordingly, our Company confirms that there is no requirement to make firm arrangements of

finance through verifiable means towards at least 75% of the stated means of finance for the aforesaid object, excluding the amount to be raised from the Issue and existing identifiable internal accruals.

Schedule of Implementation and Deployment of Gross Proceeds

Our Company proposes to deploy the entire Net Proceeds towards the Objects as described herein during Fiscal 2022-23.

The fund requirement and deployment is based on internal management estimates and our Company's current business plan and is subject to change in light of changes in external circumstances or costs, other financial conditions, business or strategy. These estimates have not been appraised by any bank or financial institution.

Any amount, deployed by our Company out of internal accruals towards the aforementioned objects till the date of receipt of Issue Proceeds shall be recouped by our Company from the Issue Proceeds of the Issue. In case of delays in raising funds from the Issue, our company may deploy certain amounts towards any of the above mentioned Objects through a combination of Internal Accruals or Loans (Bridge Financing) and in such case the Funds raised shall be utilized towards repayment of such Loans or recouping of Internal Accruals. However, we confirm that no bridge financing has been availed as on date, which is subject to being repaid from the Issue Proceeds.

In view of the competitive environment of the industry in which we operate, we may have to revise our business plan from time to time and consequently, our funding requirements may also change. Our historical funding requirements may not be reflective of our future funding plans. We may have to revise our funding requirements, and deployment from time to time on account of various factors such as economic and business conditions, increased competition and other external factors which may not be within our control. This may entail rescheduling and revising the planned funding requirements and deployment and increasing or decreasing the funding requirements from the planned funding requirements at the discretion of our management. Accordingly, the Net Proceeds of the Issue would be used to meet all or any of the purposes of the funds requirements described herein.

As we operate in competitive environment, we may have to revise our expenditure and fund requirements as a result of variations in cost estimates, exchange rate fluctuations and external factors which may not be within the control of our management. This may entail rescheduling and revising the planned expenditures and fund requirements and increasing or decreasing expenditures for a particular purpose at the discretion of our management, within the objects. For further details on the risks involved in our business plans and executing our business strategies, please see the section titled "Risk Factors" beginning on page 21 of this Letter of Offer.

Details of utilization of Net Proceeds

1. **Repayment in full or part, of certain identified unsecured loans availed by our Company from members of the Promoter Group**

Our Company proposes to utilize an estimated amount of Rs. 475.00 Lakhs from the Net Proceeds of the Issue towards part repayment/prepayment, in full or in part, of certain identified unsecured loans availed by our Company from members of the Promoter Group.

The following table provides details of the relevant terms of the unsecured loans that have been availed by our Company from the members of the Promoter Group, out of which we may repay/prepay, in full or in part, any or all of its respective loans/facilities, without any obligation to pay/repay any particular lender in priority to the other:

(Rs. In Lakhs)

Name of Lenders	Principal Amount availed and outstanding as on April 30, 2022	Repayment Terms	Purpose of Loan *	Amount proposed to be repaid
Mr. Gautam P. Sheth	501.24	No Specific Terms	To meet the cash requirements of the Company	475.00

* Our Statutory auditors have provided a certificate dated May 31, 2022 confirmed the amount outstanding as Unsecured Loan as on April 30, 2022.

Our Company intends to partly or fully repay or pre-pay Rs 475.00 Lakhs to the Promoter/ Promoter Group through this Issue, as per the details mentioned in the above table, and the said amount is proposed to be adjusted against the

application money to be received by our Company, for the subscription to the Rights Equity Shares to be allotted in this Issue, from the members of Promoter Group, to the extent of their entitlement, renunciation of entitlement in favour of the members of Promoter Group (if any) as well as Additional Rights Equity Shares to be applied for by the members of Promoter Group (in part or full, as the case may be) in the Issue. Consequently, no fresh Issue proceeds would be received by our Company to such an extent from the promoters.

Our Promoter and our Promoter Group members have undertaken to: (a) subscribe, jointly and severally to the full extent of their Rights Entitlement and subscribe to the full extent of any Rights Entitlement renounced in their favour by any other Promoter or member of the Promoter Group; and (b) subscribe to, either individually or jointly, with the Promoter or member of the Promoter Group, for Additional Rights Equity Shares, including subscribing to unsubscribed portion (if any) in the Issue. Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of Additional Rights Equity Shares (including any unsubscribed portion of the Issue) is exempted in terms of Regulation 10(4)(b) of the SEBI Takeover Regulations as conditions mentioned therein have been fulfilled and shall not result in a change of control of the management of our Company in accordance with provisions of the SEBI Takeover Regulations. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue. The ex-rights price of the Rights Equity Shares as per Regulation 10(4)(b) of the SEBI Takeover Regulations is Rs. 11.52/-

Interest of Promoter, Promoter group and directors, as applicable in the objects of the issue:

Our Promoter- Mr. Gautam Sheth has vide its letter dated May 12, 2022 confirmed that an amount of Rs. 475.00 Lakhs, which has been identified as the part of the unsecured loans which have to be repaid to him through this Issue, shall be adjusted towards the application money to be received by the Company, for the subscription to the Rights Equity Shares to be allotted in this Issue, from him, to the extent of his entitlement, renunciation of entitlement made in his favour by the members of Promoter Group (if any) as well as Additional Rights Equity Shares to be applied for by him for the unsubscribed portion, (in part or full, as the case may be) in the Issue. Consequently, no fresh Issue proceeds would be received by our Company to such an extent from the promoters.

2. To meet Working Capital requirement of the Company

Our Company intends to utilize 86.57% of the Issue Size in working capital requirements. We are currently engaged into business of manufacturing of diamonds, going forward we plan to expand our business in Dubai. Such business is a working capital intensive, and our company proposes to meet the incremental requirement to the extent of Rs. 3834.51 Lakhs for the FY 2023 from the Net Proceeds of the Issue.

Basis of estimation of working capital requirement and estimated working capital requirement:

The details of our Company's working capital as at March 31, 2021 and March 31, 2022, derived from the financial statements, and source of funding of the same are provided in the table below. Our expected working capital requirements for FY 2023 and the proposed funding of such working capital requirements are as set out in the table below:

(Rs. In Lakhs)

Particulars	31-Mar-21		31-Mar-22		31-Mar-23	
	Audited	No. of Days	Audited	No. of Days	Estimated	No. of Days
Current Assets						
Inventories	2222.34	87	1464.83	30	2477.00	32
Trade Receivables	1190.67	46	3185.39	65	5392.51	70
Short Term Loans and Advances	15.00		15.36		20.00	
Cash & Cash Equivalents	11.42		39.54		60.00	
Other Current Assets	62.47		33.24		45.00	
Total (A)	**3501.90**		**4738.36**		**7994.51**	
Current Liabilities						
Trade payables	1733.98	59	2672.40	57	1915.00	25

Particulars	31-Mar-21		31-Mar-22		31-Mar-23	
	Audited	**No. of Days**	**Audited**	**No. of Days**	**Estimated**	**No. of Days**
Other Current Liabilities & Provisions	8.37		26.33		32.00	
Total (B)	**1742.35**		**2698.73**		**1947.00**	
Working Capital Gap **(A)-(B)**	**1759.55**		**2039.63**		**6047.51**	
Less: Existing Bank Borrowings *	338.11		326.22		300.00	
Owned Funds/ Internal Accruals	1421.44		1713.41		1913.00	
Working Capital funding through Rights Issue Proceeds	**-**		**-**		3834.51	

**For details on the secured and unsecured loan, please refer to chapter titled "Statement of Financial Indebtness" on page no. 113 of this Letter of Offer.*

Justification (FY 2022-23):

We will require working capital to increase based on the following holding periods :-

Inventories	We expect Inventory Holding days to be at appx. 32 Days for Fiscal 2022-23 which will be as per previous years trends.
Trade Receivables	We expect Debtors Holding days to be at appx. 70 days for Fiscal 2022-23 based on our policy to attract new customers.
Trade Payables	We expect Creditor's payments days to be appx. 25 Days for Fiscal 2022-23 in line with our past experience.

3. **General corporate purposes**

Our Company intends to deploy the balance Net Proceeds aggregating to Rs. 50.00 Lakhs towards general corporate purposes, subject to such utilization not exceeding 25% of the Issue Proceeds, in compliance with applicable laws, to drive our business growth, including, amongst other things, (a) funding growth opportunities, including strategic initiatives; (b) acquiring assets, such as plant and machinery, furniture and fixtures, and intangibles; (c) meeting any expenses incurred in the ordinary course of business by our Company including salaries and wages, rent, administration expenses, insurance related expenses, and the payment of taxes and duties; (d) meeting of exigencies which our Company may face in course of any business, (e) brand building and other marketing expenses and (f) any other purpose as permitted by applicable laws and as approved by our Board or a duly appointed committee thereof.

Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirement and deployment of funds may change. This may also include rescheduling the proposed utilization of Net Proceeds and increasing or decreasing expenditure for a particular object i.e., the utilization of Net Proceeds. In case of a shortfall in the Net Proceeds, our management may explore a range of options including utilizing our internal accruals or seeking debt from future lenders. Our management expects that such alternate arrangements would be available to fund any such shortfall. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes. In the event that we are unable to utilize the entire amount that we have currently estimated for use out of Net Proceeds in a Fiscal, we will utilize such unutilized amount in the next Fiscal.

4. **Issue Related Expenses**

The expenses for this Issue include issue management fees, underwriting fees, registrar fees, legal advisor fees, printing and distribution expenses, advertisement expenses, depository charges and listing fees to the Stock Exchange, among others. The total expenses for this Issue are estimated not to exceed Rs. 70.00 Lakhs.

Particulars	Estimates expenses (Rs. In Lakhs)	As a % of total estimated Issue related expenses	As a % of Issue size * #
Fees of Banker to the Issue, Registrar to the Issue, Legal Advisor, Auditor's Fees, including out of pocket expenses	12.00	17.14	0.27
Advertising, printing, distribution, marketing and stationery expenses	5.00	7.14	0.11
Regulatory fees, filing fees, listing fees and other miscellaneous expenses	53.00	75.71	1.20
Total estimated Issue expenses *^	70	100	1.58

**Amount will be finalised at the time of filing of the Letter of Offer and determination of Issue Price and other details.*

** Subject to finalisation of Basis of Allotment. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall be adjusted with the amount allocated towards General Corporate Purposes. All Issue related expenses will be paid out of the Gross Proceeds received at the time of receipt of the subscription amount to the Rights Issue.*

^Excluding taxes

#Assuming full subscription

Bridge Financing Facilities

Our Company has not availed any bridge loans from any banks or financial institutions as on the date of this Letter of Offer, which are proposed to be repaid from the Net Proceeds.

Interim use of Net Proceeds

Our Company, in accordance with the policies formulated by our Board from time to time, will have flexibility to deploy the Net Proceeds. Pending utilization of the Net Proceeds for the purposes described above, our Company will temporarily keep the Net Proceeds in deposits in one or more scheduled commercial banks (as included in the second schedule to the Reserve Bank of India Act, 1934) and as approved by the Board of Directors or in any such other manner as permitted under the SEBI ICDR Regulations or as may be permitted by the SEBI.

In accordance with Section 27 of the Companies Act, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in shares of any other listed company or for any investment in the equity markets.

Monitoring of Utilization of Funds

As the size of the Issue does not exceed Rs. 10,000 lakhs, there is no requirement for the appointment of a monitoring agency. Our Board and Audit Committee shall monitor the utilization of the Net Proceeds. Our Company will disclose the utilization of the Issue Proceeds, including interim use, under a separate head along with details, for all such Issue Proceeds that have not been utilized. Our Company will indicate investments, if any, of unutilized Issue Proceeds in the balance sheet of our Company for the relevant Financial Years subsequent to the listing.

We will also on an annual basis, prepare a statement of the funds which have been utilized for purposes other than those stated in this Letter of Offer, if any, and place it before the Audit Committee and the Board. Such disclosure will be made only until all the Issue Proceeds have been utilized in full. The statement shall be certified by our Statutory Auditor. Further, in accordance with Regulation 32 of the SEBI Listing Regulations, we will furnish to the Stock Exchange on a quarterly basis, a statement including deviations and variations, if any, in the utilization of the Issue Proceeds from the Objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results, after placing the same before the Audit Committee.

Variation in Objects

In accordance with Section 13(8) and Section 27 of the Companies Act, 2013, our Company shall not vary the Objects of the Issue without our Company being authorized to do so by the shareholders by way of a special resolution. In addition, the notice issued to the shareholders in relation to the passing of such special resolution shall specify the prescribed details and be published in accordance with the Companies Act 2013. Pursuant to the

Companies Act 2013, the Promoters or controlling shareholders will be required to provide an exit opportunity to the shareholders who do not agree to such proposal to vary the Objects of the Issue at the fair market value of the Equity Shares as on the date of the resolution of our Board recommending such variation in the terms of the contracts or the objects referred to in the Letter of Offer, in accordance with such terms and conditions as may be specified on this behalf by SEBI.

Appraising Agency

None of the Objects for which the Net Proceeds will be utilised, require appraisal from any agency, in accordance with applicable law.

Strategic or Financial Partners

There are no strategic or financial partners to the Objects of the Issue.

Key Industry Regulations for the Objects of the Issue

The Key Industry Regulations for the proposed Objects of the Issue are not different from the existing business of our Company.

Interest of Promoters and Directors in the objects of the Issue

None of our Promoter, members of the Promoter Group and Directors have any interest in the Objects of the Issue, except to the extent of the repayment of the unsecured loan availed from our Promoter, Mr. Gautam Sheth. No part of the Net Proceeds will be paid by our Company as consideration to our Promoter, Promoter Group, Directors and Key Managerial Personnel of our Company.

STATEMENT OF SPECIAL TAX BENEFITS

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO GAUTAM GEMS LIMITED ("THE COMPANY") AND THE SHAREHOLDERS OF THE COMPANY UNDER THE DIRECT AND INDIRECT TAX LAWS IN INDIA

To,
The Board of Directors
Gautam Gems Limited
3rd Floor, Office – 301, Sumukh,
Super Compound, Vasta Devadi Road, Katargam,
Surat 395004, Gujarat, India

Dear Sir,

Re: Proposed rights issue of equity shares of face value of ₹ 10 each (the "Equity Shares" and such offering, the "Issue") of Gautam Gems Limited (the "Company") pursuant to Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI Regulations") and the Companies Act, 2013, as amended (the 'Act').

We refer to the proposed right issue of equity shares (the "Offer") of Gautam Gems Limited ("the Company"). We enclose herewith the statement (the "Annexure") showing the current position of special tax benefits available to the Company and to its shareholders as per the provisions of the Indian direct and indirect tax laws including the Income-tax Act, 1961, the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017 (collectively the "GST Act"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act") (collectively the "Taxation Laws") including the rules, regulations, circulars and notifications issued in connection with the Taxation Laws, as presently in force and applicable to the assessment year 2023-24 relevant to the financial year 2022-23 for inclusion in the Letter of Offer (collectively referred to as "Offer Documents") for the right issue of shares of the Company as required under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations").

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the direct and indirect taxation laws including the Income-tax Act 1961. Hence, the ability of the Company or its shareholders to derive these direct and indirect tax benefits is dependent upon their fulfilling such conditions.

The benefits discussed in the enclosed Annexure are neither exhaustive nor conclusive. The contents stated in the Annexure are based on the information and explanations obtained from the Company. This statement is only intended to provide general information to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultants, with respect to the specific tax implications arising out of their participation in the Offer particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. We are neither suggesting nor are we advising the investors to invest or not to invest money based on this statement.

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

We do not express any opinion or provide any assurance whether:
- The Company or its Shareholders will continue to obtain these benefits in future;
- The conditions prescribed for availing the benefits have been/would be met;
- The revenue authorities/courts will concur with the views expressed herein.

We hereby give our consent to include this report and the enclosed Annexure regarding the tax benefits available to the Company and its shareholders in the Offer Documents for the proposed right issue of equity shares which the Company intends to submit to the Securities and Exchange Board of India and BSE Limited (the "Stock Exchange") where the equity shares of the Company are proposed to be listed, as applicable,

provided that the below statement of limitation is included in the Offer Documents.

We have conducted our examination in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)' ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Performs Audits and Reviews of Historical Financial information and Other Assurance and Related Services Engagements.

This statement is solely for your information and not intended for general circulation or publication and is not to be reproduced or used for any other purpose without our prior written consent, other than for inclusion of extracts of this statement in the Letter of Offer/ Letter of Offer and submission of this statement to the Securities and Exchange Board of India, the stock exchanges where the Equity Shares of the Company are proposed to be listed, in connection with the proposed Issue, as the case may be.

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

For M/s BHAGAT & CO.
Chartered Accountants
Firm Registration No.: 127250W

Shankar Prasad Bhagat
Membership No.052725
Partner

Place: Ahmedabad
Date:
UDIN:

Encl: As above

ANNEXURE I

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO GAUTAM GEMS LIMITED (THE "COMPANY"), ITS SHAREHOLDERS AND ITS MATERIAL SUBSIDIARY

I. UNDER THE INCOME-TAX ACT, 1961 (hereinafter referred to as 'the Act')

1. Special tax benefits available to the Company under the Act

There are no special tax benefits available to the Company.

2. Special tax benefits available to the shareholders of the Company under the Act

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

3. Special tax benefits available to the material subsidiary of the Company under the Act

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

Notes:

a. The above Statement 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 shares.

b. The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.

c. The above statement of possible tax benefits is as per the current direct tax laws relevant for the assessment year 2023-24.

d. This statement is intended only 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 tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.

e. In respect of non-residents, the tax rates and consequent taxation will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile.

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

ANNEXURE 2

STATEMENT OF INDIRECT TAX BENEFITS AVAILABLE TO GAUTAM GEMS LIMITED (THE "COMPANY"), ITS SHAREHOLDERS AND ITS MATERIAL SUBSIDIARY

II. The Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 ("GST Act"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act") *(collectively referred to as "indirect tax")*

1. Special tax benefits available to the Company under the Indirect Tax

There are no special indirect tax benefits available to the Company.

2. Special tax benefits available to the shareholders of the Company under the Indirect Tax

There are no special indirect tax benefits applicable in the hands of shareholders for investing in the shares of the Company.

3. Special tax benefits available to the material subsidiary of the Company under the Indirect Tax

There are no special indirect tax benefits to the material subsidiary of the Company.

Notes:

a. The above statement is based upon the provisions of the specified Indirect tax laws, and judicial interpretation thereof prevailing in the country, as on the date of this Annexure.

b. The above statement covers only above-mentioned tax laws benefits and does not cover any direct tax law benefits or benefit under any other law.

c. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice.

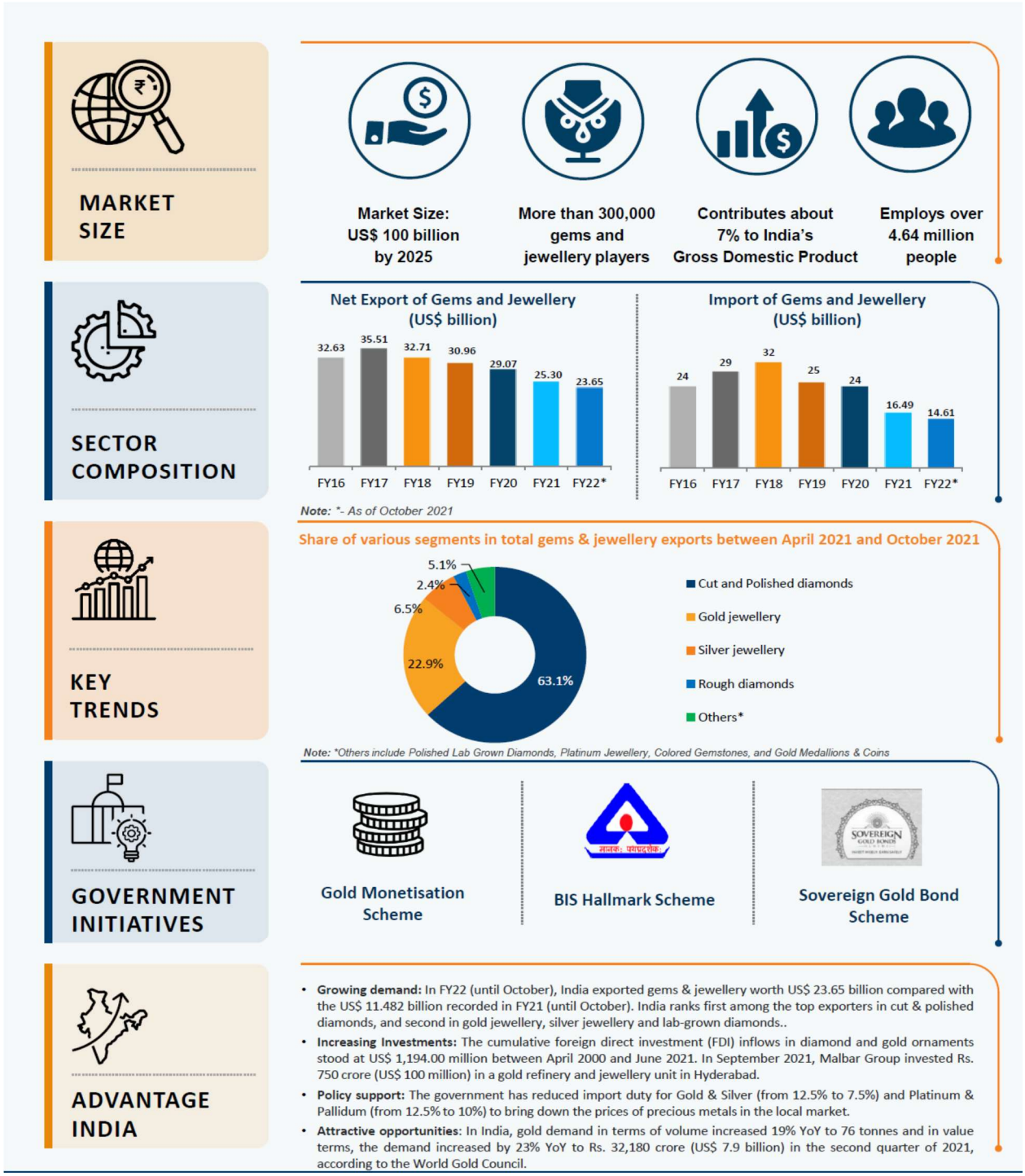
d. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such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

Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information.

Introduction

India's gems and jewellery export sector—which is one of the largest in the world—contributed ~27% to the global jewellery consumption in 2019. Market size of the global gems and jewellery sector is likely to expand to US$ 103.06 billion between 2019 and 2023. India's gems and jewellery exports are expected to reach US$ 100 billion by 2025. Globally, India was the top exporter of diamonds with a share of 20.6% in 2020.

Clusters in the Indian gems & jewellery industry



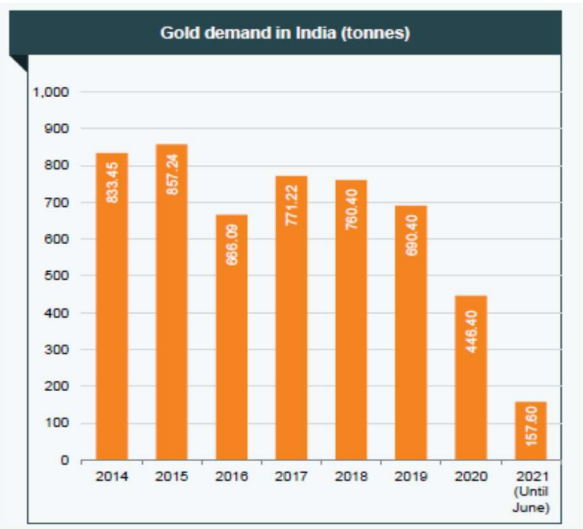
Market Size

India has 10 special economic zones (SEZ) for gems & jewellery. These zones have more than 500 manufacturing units, which contribute 30% to the country's total exports.

In 2019, India's gems & jewellery export sector—which is one of the largest in the world—contributed ~27% to the global jewellery consumption. Market size of the global gems & jewellery sector is likely to expand to US$ 103.06 billion between 2019 and 2023.

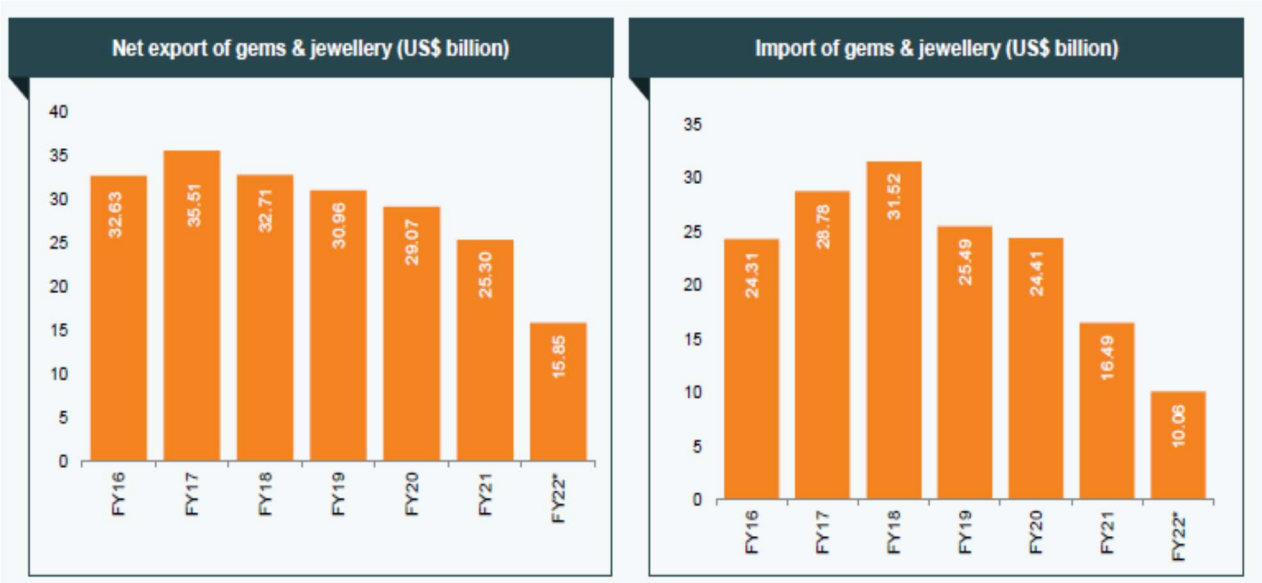
As per Union Budget 2021, the Gem and Jewellery Export Promotion Council has proposed a reduction in import duty on cut and polished diamonds to 2.5%, from the existing 7.5%, in order to double exports of gems & jewellery to US$ 70 billion by 2025, up from US$ 35 billion in 2020.

According to Gem and Jewellery Export Promotion Council, between April 2020 and December 2020, gold bars accounted for ~6.8% (US$ 678.77 million) and gold jewellery at ~1.8% (US$ 181.49 million) of the total gems and jewellery imports in India. As per the World Gold Council (WGC), India's gold demand stood at 446.4 tonnes in 2020. In India, gold demand in terms of volume increased by 37% YoY to 140 tonnes and in value terms, the demand increased by 57% YoY to Rs. 58,800 crore (US$ 7.9 billion) in the first quarter of 2021, according to the World Gold Council. In the second quarter of 2021, gold demand in terms of volume increased by 19% YoY to 76 tonnes and in value terms, the demand increased by 23% YoY to Rs. 32,180 crore (US$ 7.9 billion).



As of February 2021, India's gold and diamond trade contributed ~7.5% to India's Gross Domestic Product (GDP) and 14% to India's total merchandise exports. The second quarter of 2021 has been better for businesses as establishments were better prepared for lockdowns compared with 2020. Total jewellery demand in terms of volume increased by 25% YoY to 55 tonnes in the second quarter of 2021. The gem and jewellery sector are likely to employ ~8.23 million persons by 2022, from ~5 million in 2020. Based on its potential for growth and value addition, the Government declared gems and jewellery sector as a focus area for export promotion. The Government has undertaken various measures recently to promote investment and upgrade technology and skills to promote 'Brand India' in the international market.

Net export and import of gems & jewellery

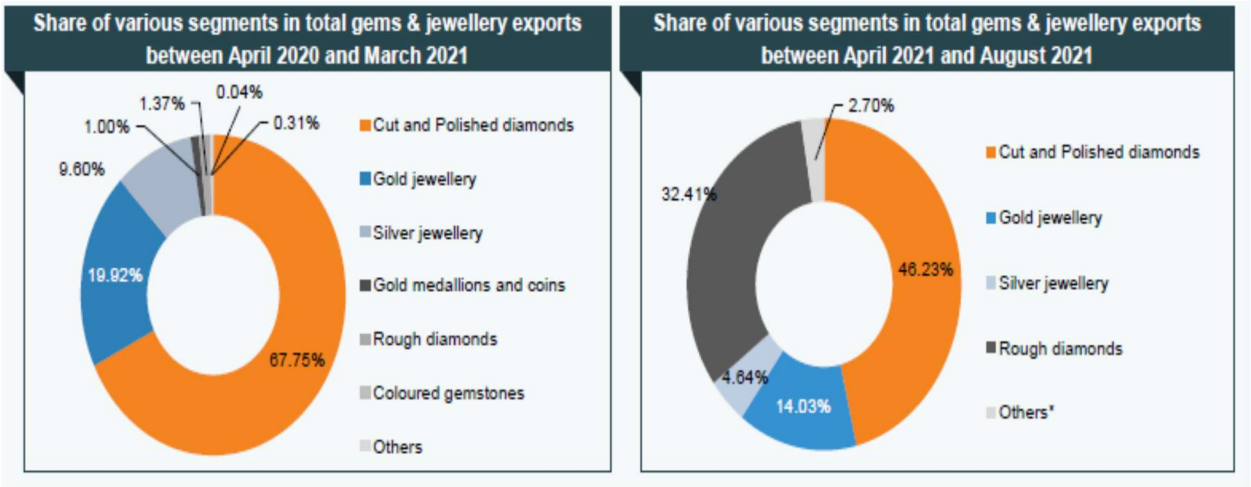


- In FY21, exports of gems & jewellery stood at US$ 25.30billion.
- In March 2021, exports of gems & jewellery stood at US$ 3.42 billion.
- In August 2021, exports of gems & jewellery stood at US$ 3.28 billion.
- In August 2021, the GJEPC announced an ambitious target of raising exports of the sector to US$ 44 billion in FY22.
- In September 2020, the US was the biggest importer of gems & jewellery (4 %; worth US $ 938 .54 million) from India, followed by Hong Kong (~ 33 %) and the UAE (~ 13 %).
- In FY21, imports of gems & jewellery stood at US$1 6.49 billion.

- In August 2021, India imported gems & jewellery worth US$1.78billion
- In October 2021, India exported gems & jewellery worth US$ 4.17 billion compared with the US$ 2.92 billion recorded in October 2020.
- In FY22 (until October), India exported gems & jewellery worth US$ 23.65 billion compared with the US$ 11.482 billion recorded in FY21 (until October).

Growth in exports is mainly due to revived import demand in the export market of the US and fulfilment of orders received by numerous Indian exhibitors during the Virtual Buyer-Seller Meets (VBSMs) conducted by GJEPC. In August 2021, the GJEPC announced a target of raising exports of the sector to US$ 44 billion in FY22.

Share of various segments of gems & jewellery in total Exports



- Indian exports of gems & jewellery comprise various items such as cut and polished diamonds, silver and gold jewellery, gold medallions sand coins, rough diamonds, coloured gem stones and others.
- September 2021, Union Minister, Ms. Anupriya Patel, said that reforms such as the revamped gold monetisation scheme, reduction in import duty of gold, hall marking and others would help the industry grow. The market export target is US $ 43 .75 billion for 2021
- In FY22 (until August 2021), cut and polished diamonds accounted for the highest shares (46.23 %), followed by gold jewellery (14 .0%) and rough diamonds (32 .4%).
- In FY21, cut and polished diamonds accounted for 67 .75 % of the total gems & jewellery exports.
- Gold jewellery accounted for the second-highest shares (19.92%) and silver jewellery accounted for 9.60 % in FY21
- Rough diamonds accounted forfor1.37 % of the total gems & jewellery exports in FY21.

Key Players

Strategies Adopted

1

Expansion into new jewellery category

- Retailers are focusing to expand into new jewellery category to attract urban consumers.
- In February 2021, Reliance expanded its e-commerce arm, JioMart, to jewellery with silver coins of 5gm and10 gm, and gold coins of 1gm, 5gm and 10gm.
  - Reliance's in-house jewellery brand, Reliance Jewels, which has ~93 flagship showrooms and 110 shop-in-shops in 105 cities in the country, will fulfil the orders for the new segment.

2

Online selling by gems & jewellery retailers

- Jewellery players in India are re-evaluating the brick-and-mortar business model and planning to implement omni-channel approach with focus on digital strategy to boost sales.
- According to the 'Online Gold Market in India' report by The World Gold Council, the online gold market in India, with relatively nascent at 1-2% (as of 2020), is witnessing a strong push from both digital players who view this market as an opportunity and large jewellers who view this market as a required addition to their brick-and-mortar model.

3

Rising micro and small enterprises (MSEs) players

- Maximum development was driven by MSEs in gems & jewellery and textiles.
- In November 2020, adoption of digital distribution platforms among manufacturers of gems & jewellery, manufacturing mostly non-precious, stone-studded jewellery, imitation jewellery and luxury fashion jewellery, more than quadrupled to 55% from 13% before the pandemic.
- The segment's micro enterprises recorded the highest boost of 41% in November 2020, from the previous 13%.

4

Introduction of customised jewellery

- Companies have also started selling customised jewellery for customers who prefer to have their jewellery altered as per their own preference, for example, Malabar Gold.

5

Enhanced focus on virtual reality

- Companies such as PC Jewellers, PNG Jewellers, and Popley and Sons are planning to introduce a virtual-reality (VR) experience for their customers. The customer will have to wear a VR headset, through which, they can select any jewellery, see it from different angles and zoom on it to view intricate designs.

6

New product launches

- In June 2021, Tanishq launched antimicrobial jewellery in certain markets as a pilot project. Currently, the range is available in stores across Chennai and Lucknow, with further launches planned in Kolkata and Hyderabad followed by other key markets. Antimicrobial jewellery is being offered in categories such as chains and rings, which feature special-coated layers that self-disinfect the surface and impede any further microbial growth.

7

Expansion

- In April 2021, Malabar Gold & Diamonds announced to invest Rs. 1,600 crore (US$ 214 million) in FY22 to launch 56 stores, of which 40 would be in India and 16 across global markets. In India, stores will be opened in Tamil Nadu, Telangana, Andhra Pradesh, Karnataka, Maharashtra, Delhi, West Bengal, Uttar Pradesh, Odisha and Kerala. In July 2021, the company announced hiring of >5,000 staff, across its retail operations, brand headquarters and regional offices in the country.

8

Partnerships

- In June 2021, the World Gold Council and Gem and Jewellery Export Promotion Council (GJEPC) signed an agreement to promote gold jewellery in India. Under the agreement terms, both partners will jointly fund a multi-media marketing campaign that would aim to increase awareness, relevance and adoption of gold jewellery amongst Indian consumers, especially in millennials and Gen Z.
- In March 2021, Joyalukkas collaborated with IBM Global Business Services to design, develop and deploy a new cloud-native e-commerce platform across 11 countries including India, the UAE, the US, the UK, Singapore, Malaysia, Bahrain, Qatar, Saudi Arabia, Kuwait and Oman.

9

Trade and award shows by the GJPEC

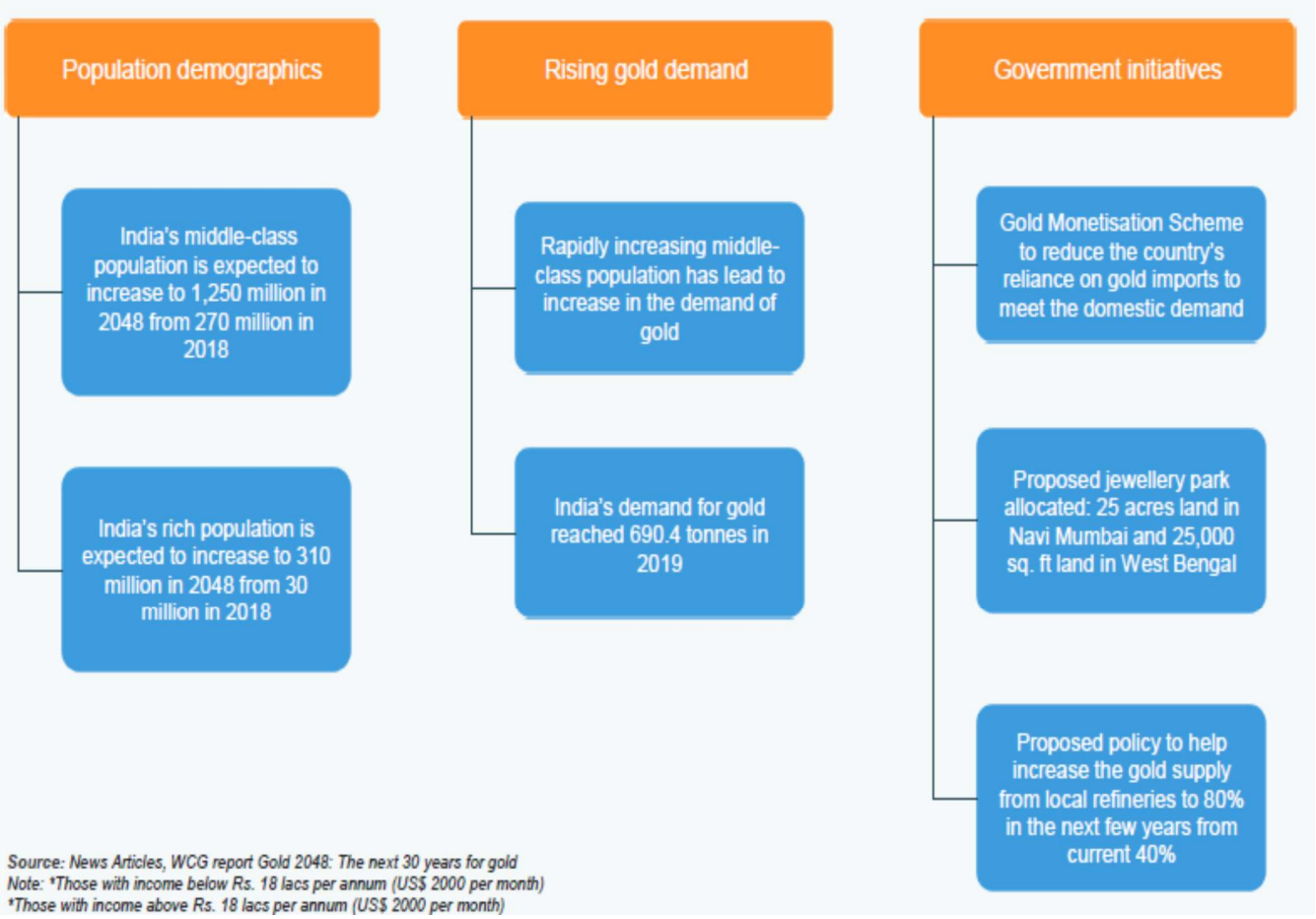
- In May 2021, GJEPC and Embassy of India, Morocco, co-hosted the 'India Global Connect' to better understand the present business climate in the gems & jewellery sector and seek trade prospects for manufacturers, exporters and importers from both countries.
- On July 20, 2021, the GJEPC held the 4th edition of 'The Artisan Awards,' India's premier jewellery design competition, at the Four Seasons Hotel in Mumbai. The competition's theme, 'Reinventing Vintage', featured three different eras of jewellery from various cultures: Indian heritage was celebrated through the sub-theme temple jewellery; Japanesque was a nod to Asian inspiration and Victorian was a nod to colonial history to create timeless yet modern silhouettes. National and international participants from Japan, the US, Taiwan, Russia, Egypt, Abu Dhabi, and Australia submitted a total of 586 entries.
- The GJEPC will organise its first International Gems and Jewellery Show (IGJS) outside the country, in Dubai, from August 14-16, 2021. It will also hold a five-day physical exhibition—India International Jewellery show (IIJS-2021)—in Bengaluru from September 15-19, 2021, in a first such event outside Mumbai. GJPEC sources said that >250 buyers have registered and >95 stalls have been booked for Dubai IGJS 2021. There will be 150 booths having products such as plain gold, gold-studded jewellery, diamond-studded jewellery, silver jewellery, loose diamonds and gemstones.

10

Knowledge webinars benefitting ~6,500 Gem and jewellery industry professionals

- Since May 2020, GIA India Laboratory Private Limited (an independent subsidiary of the Gemological Institute of America, Inc., is the world's foremost authority in gemmology) has hosted >60 knowledge webinars to equip the gem and jewellery trade with the most up-to-date industry knowledge and advance its consumer protection mission. ~6,500 industry professionals from around the world attended these webinars.
- Participants (manufacturers, wholesalers, traders, retailers and professionals) gained important information on gemmology topics such as 'Navratna', 'Introduction to Laboratory-Grown Diamonds', 'April Birthstone: Diamond', 'September Birthstone: Sapphire', 'November Birthstones: Topaz & Citrine' and 'The Big 3 – Ruby, Sapphire and Emerald'. These diversified gemmological topics helped attendees gain valuable information to buy and sell gemstones with confidence.

Growth drivers of gems & jewellery sector in India



Investments/ Developments

The Government has permitted 100% FDI in the sector under the automatic route, wherein the foreign investor or the Indian company do not require any prior approval from the Reserve Bank or Government of India. The Government has made hallmarking mandatory for gold jewellery and artefacts and a period of one year is provided for its implementation.

Cumulative FDI inflows in diamond and gold ornaments in India stood at US$ 1,194.00 million between April 2000 and June 2021 according to Department for Promotion of Industry and Internal Trade (DPIIT).

Some of the key developments in this industry are listed below:

- In September 2021, Malbar Group invested Rs. 750 crore (US$ 100 million) in a gold refinery and jewellery unit in Hyderabad.
- In May 2021, GJEPC and Embassy of India, Morocco, co-hosted the 'India Global Connect' to better understand the present business climate in the gems and jewellery sector and seek trade prospects for manufacturers, exporters and importers from both countries.
- The GJEPC will organise its first International Gems and Jewellery Show (IGJS) outside the country, in Dubai, from August 14-16, 2021. It will also hold a five-day physical exhibition—India International Jewellery show (IIJS-2021)—in Bengaluru from September 15-19, 2021, in a first such event outside Mumbai. GJPEC sources said that >250 buyers have registered and >95 stalls have been booked for Dubai IGJS 2021. There will be 150 booths having products such as plain gold, gold-studded jewellery, diamond-studded jewellery, silver jewellery, loose diamonds and gemstones.
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marketing campaign that would aim to increase awareness, relevance and adoption of gold jewellery amongst Indian consumers, especially in millennials and Gen Z.

- In April 2021, Malabar Gold & Diamonds announced to invest Rs. 1,600 crore (US$ 214 million) in FY22 to launch 56 stores, of which 40 would be in India and 16 across global markets. In India, stores will be opened in Tamil Nadu, Telangana, Andhra Pradesh, Karnataka, Maharashtra, Delhi, West Bengal, Uttar Pradesh, Odisha and Kerala. In July 2021, the company announced hiring of >5,000 staff, across its retail operations, brand headquarters and regional offices in the country.
- In March 2021, Joyalukkas collaborated with IBM Global Business Services to design, develop and deploy a new cloud-native e-commerce platform across 11 countries including India, the UAE, the US, the UK, Singapore, Malaysia, Bahrain, Qatar, Saudi Arabia, Kuwait and Oman.
- In February 2021, Reliance expanded its e-commerce arm, JioMart, to jewellery with silver coins of 5gm and10 gm, and gold coins of 1gm, 5gm and 10gm.
- Reliance's in-house jewellery brand, Reliance Jewels, which has ~93 flagship showrooms and 110 shop-in-shops in 105 cities in the country, will fulfil the orders for the new segment.

Government Initiatives and regulatory framework

- In September 2021, Union Minister, Ms. Anupriya Patel, said that reforms such as the revamped gold monetisation scheme, reduction in import duty of gold, hallmarking and others would help the industry grow. The market export target is US$ 43.75 billion for 2021.
- The government has reduced import duty for Gold & Silver (from 12.5% to 7.5%) and Platinum & Pallidum (from 12.5% to 10%) to bring down the prices of precious metals in the local market.
- The demonetisation move is encouraging people to use plastic money and debit/ credit cards for buying jewellery. This is goodfor the industry in the long run and will create more transparency.
- The Government would notify a new limit for reporting about transactions in gold and other precious metals and stones to authorities to avoid the parking of black money in bullion.
- The government’s announcement on establishing gold spot exchange could help in India’s participation in determining gold price in the international market.
- Indian Government made hallmarking mandatory for Gold Jewellery and Artefacts. A period of one year is provided for implementation i.e., till January 2021.
- The Gold Monetisation Scheme was launched in November 2015. This scheme enabled individuals, trusts and mutual funds to deposit gold with banks and earn interest on the same in return.
- As of January 2019, the Reserve Bank of India (RBI) increased the scope of the gold monetization scheme by allowing charitable institutions and Government entities to deposit gold to boost deposits over the coming months.
- In December 2020, All India Gem and Jewellery Domestic Council (GJC) welcomed the decision to make hallmarking compulsory from June 2021 in a phased manner; urged the government to examine the key concerns of the industry for smooth implementation of the initiative.
- Hallmarking of gold jewellery is set to begin from June 15, 2021. In view of the COVID-19 pandemic, the government accepted request of stakeholders to provide jewellers some more time to prepare for implementation and resolve issues. Earlier, the date of implementation was June 01, 2021.
- In December 2020, the Finance Ministry notified that the amendment under Prevention of Money Laundering Act (PMLA), notifying dealers in precious metals and stones, will maintain records of cash transactions worth Rs. 10 lakh (US$ 13.61 thousand) or more cumulatively with a single customer.
- In August 2020, the government called for constituting a special group, which will include both customs and banking officials, to resolve issues faced by the gem and jewellery sector.
- In December 2020, the Gem and Jewellery Export Promotion Council (GJEPC) urged the government to include in the comprehensive e-commerce policy the EDI (Electronic Data Interchange) connection of postal services with customs, to enable banks to automatically close e-commerce exports against advance credit card payments by foreign purchasers.
- The step would drive for progressive reforms to help the industry fulfill its long-term goal of being the epicenter of global gems & jewellery.
- In June 2021, the US suspended additional tariffs on six countries, including India, that have imposed or are considering equalization levy/ digital services tax one-commerce companies for upto six months. This was done to provide additional time to complete the ongoing multilateral negotiations on international taxation at the Organisation for Economic Co-operation and Development (OECD) and G20.
- The suspension is likely to provide relief to the COVID-hit gems & jewellery sector in India.

Road Ahead

In the coming years, growth in gems and jewellery sector would largely be contributed by the development of large retailers/brands. Established brands are guiding the organised market and are opening opportunities to grow. Increasing penetration of organised players provides variety in terms of products and designs. Online sales are expected to account for 1–2% of the fine jewellery segment by 2021–22. Also, the relaxation of restrictions of gold import is likely to provide a fillip to the industry. The improvement in availability along with the reintroduction of low-cost gold metal loans and likely stabilisation of gold prices at lower levels is expected to drive volume growth for jewellers over short to medium term. The demand for jewellery is expected to be significantly supported by the recent positive developments in the industry.

Source: https://www.ibef.org/industry/gems-jewellery-india.aspx

BUSINESS OVERVIEW

*The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in this Letter of Offer, including the information contained in the section titled **'Risk Factors'**, beginning on page no. 21 of this Letter of Offer.*

*This section should be read in conjunction with, and is qualified in its entirety by, the more detailed information about our Company and its financial statements, including the notes thereto, in the section titled **'Risk Factors'** and the chapters titled **'Financial Statement'** and '**Management Discussion and Analysis of Financial Conditions and Results of Operations'** beginning on page no. 21, 89 and 137 respectively, of this Letter of Offer.*

Unless the context otherwise requires, in relation to business operations, in this section of this Letter of Offer, all references to "we", "us", "our" and "our Company" are to Gautam Gems Limited and Group Entities as the case may be.

Overview

The Founder promoter of our Company Mr. Gautam P. Sheth is in the business of Diamond since 2002. He along with his wife incorporated Company at Surat as "Gautam Gems Private Limited" on 18/02/2014 under the provisions of the Companies Act, 2013 vide certificate of incorporation issued by the Registrar of Companies, Gujarat, Dadra and Nagar Havelli. Subsequently the company was converted into a Public Limited Company vide fresh certificate of incorporation dated 16th August, 2017 and the name was changed to "Gautam Gems Limited"

Our company has been principally incorporated as Manufacturer and Trader of rough and polished diamonds. Our registered and corporate office is located in Surat, which is the diamond hub of India. We sell diamonds of multiple category, shape, cut, size and color. The range of diamonds we manufacture and trade in purely depends on the demand and supply of diamonds in the local markets. Primarily, Round Brilliant and All Fancy shape, 0.18 cts upto15.00 cts Size and D to N color with all type of Fancy color kind of diamonds is demanded by our customers. Since our business is strongly driven by customer demand, we maintain a high/low stock with at our office or factory.

In order to compete in the diamond market, we have created and maintained an independent sales and distribution network for our products within the Domestic markets. Further to ensure customer satisfaction, quality supply of diamonds, timely delivery of orders and purchase-sale of authentic diamonds, we deal with our suppliers and customers on mutually agreed terms. Further, we have developed and maintained long-term and stable relationships with our key suppliers and our key customers although we have not entered into any formal contracts with either of them.

Our promoters, Mr. Gautam P. Sheth and Nidhi G. Sheth have 18 years and 10 years of experience in diamond business, respectively.

Business Products

- Polished Diamonds
- Rough Diamonds
- Gold and Diamond Jewellery

We sell diamonds of multiple shape, cut, size, color and category. The range of diamonds we trade is as follows:

The shape, cut of our rough and polished diamonds includes:

The main color of our rough and polished diamond is:

The **fancy color** of our rough and polished diamonds includes:

Yellow	**Purple**	**Brown**
Pink	**Orange**	**Cognac**
Blue	**Violet**	**Chameleon**
Red	**Grey**	**White**
Green	**Black**	

The **fancy color overtone** of our rough and polished diamonds includes:

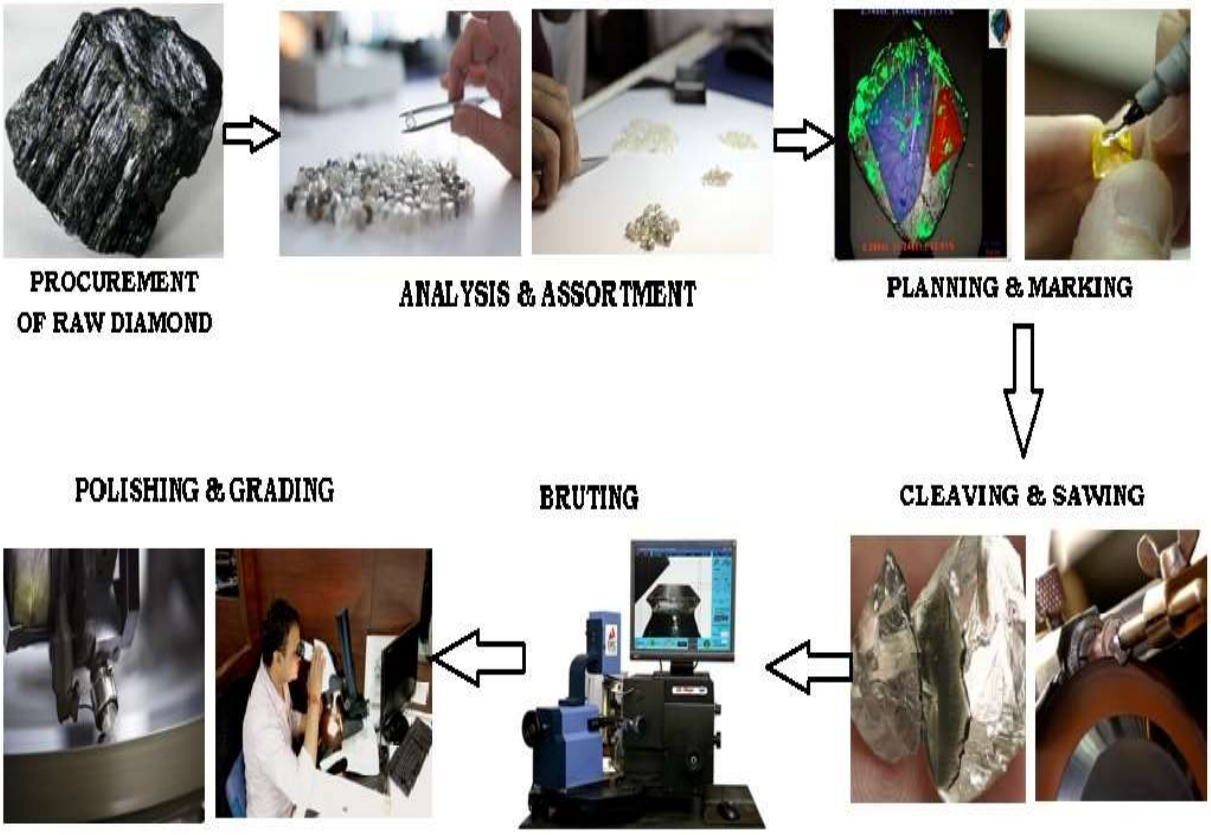
None	**Purplish**
Brownish	**Greyish**
Greenish	**Reddish**
Yellowish	**Bluish**
Pinkish	

The **fancy color intensity** of our rough and polished diamonds includes:

FANCY COLOR INTENSITY

MANUFACTURING PROCESS FOR OUR ROUGH AND POLISHED DIAMONDS

The process followed by for manufacturing process of our rough and polished diamonds is as below:-



PROCUREMENT OF ROUGH DIAMONDS:

The basis raw material procured by us is rough diamonds. The purchase of rough diamonds is based on the latest market trends and demand analyzed by our team. After carefully examining them in terms of cut, colour, clarity and carats, we execute the purchase orders.

ANALYSIS AND ASSORTMENT:

This is the initial stage of diamond manufacturing process. In this process expert checkers analyses the rough diamond and its characteristics are determined. These characteristics are based on Colour, Clarity, Carat, Cut (the 4 C's). After deciding 4 C's, it is given a grade, which represents overall quality of the rough diamond.

PLANNING AND MARKING:

Planning is a crucial step in diamond manufacturing. During this stage, the size and relative value of the cut stones that the rough diamonds will produce is determined. Rough diamonds need to be sorted on the basis of whether they are makeable or not, on the basis of colour, size etc. Non-make-able diamonds then need to be planned so as to reduce wastage and maximize yield.

CLEAVING OR SAWING:

Cleaving and sawing are the two different processes that come after the rough diamond is planned and marked. The rough diamond is analysed and sent to either cleaving or sawing department. A rough diamond needs to be broken into parts. This is done through either of the method, i.e. either through Cleaving or Sawing.

Cleaving is done manually with hammer, which split rough diamond into two or more parts. If the diamond needs sawing, then it is sent to sawing department. Laser technology is the latest and most advanced technology for sawing. Laser technology gives very accurate result. Planner rechecks the diamond after this process is complete. Once the planner decides where the diamond should be cut, the diamond is either manually cleaved or sawed.

Sawing can be done with a diamond-coated rotary saw or a laser. Generally, small sized diamonds are signed manually. The rough diamonds which cannot be cleaved are sawed.

BRUTING:

Bruting forms the basic face-up outline of a round diamond to prepare it for faceting. During the bruting phase, the diamond being bruted is spun on a rotating lathe while another diamond is forced against it, gradually forming the rounded outline. Essentially, this gives shape to diamond in a way so that maximum yield can be taken.

POLISHING AND GRADING:

Polishing is the final step in the diamond manufacturing process. This step gives the diamond its brilliant sparkle that is the final look. The polisher is very careful at this process because a small mistake can result into quality loss of the diamond. 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. After completing the polishing, polish checker has to check every facets of the stone to finalise the excellent cut grade. From here, the polished diamonds goes to the grading department. Here the 4 C's of diamonds are decided and the appropriate grading is given to the diamonds. The graded parameters are noted down for each diamond.

OUR COMPETITIVE STRENGTHS:

Quality Products

We believe in providing superior quality and authentic diamonds to our customers. Since, trust, reliability, quality and authenticity of diamonds is the upmost priority in diamond business, we ensure that we procure our diamonds from suppliers who reputed. This helps our company in building trust and goodwill earned from our regular and existing customer who place orders with us on frequent basis and in attracting newer customers which adds to our long lasting customer relations.

Well established relationship with our supplier

Quality and authenticity of diamonds is the upmost priority in any diamond business. In order to ensure customer satisfaction, quality supply of diamonds, timely delivery of orders and purchase of authentic diamonds, we deal with our suppliers with only those suppliers who are certified by a recognized government authority. Further, in order to compete in the diamond market, we have created and maintained an independent sales and distribution network for our products within the local markets which has led to developing and maintaining long-term and stable relationships with our key suppliers although we have not entered into any formal contracts with them.

Strong & long-term relationship with our customers

We offer only superior quality and authentic diamonds to our customers. Further, we sell our polished diamonds are majorly purchased by jewellery manufacturers, jewellery wholesalers, jewellery retailers, jewellery traders, diamond wholesalers, diamond retailers and our rough diamonds are majorly purchased by rough diamond traders and diamond manufacturers; with whom we have developed and maintained strong and long term relationships. Our key customers contribute 90 % towards our revenue. The trust and goodwill earned by us over the years, has helped our company in retaining our key customers who strongly contribute towards our business and also through their word of mouth marketing, assist us in building our client portfolio.

Wide Varieties of diamonds

We sell diamonds of multiple category, shape, cut, size and color. The range of diamonds we trade in purely depends on the demand and supply of diamonds in the local markets. Primarily, Round Brilliant and All Fancy shape, 0.18 carats upto15.00 carats Size and D to N color with all type of Fancy color diamonds are demanded by our customers. We maintain stock of our various shaped diamonds depending on the customer demand.

Rich domain experience of our Promoters

Our promoters, Mr. Gautam P Sheth and Nidhi G Sheth have 18 years and 10 years of experience in diamond business, respectively. Due to their strong personal background in the diamond business, our company`s growth and expansion has always grown vertically thereby increasing the value of the company.

OUR BUSINESS AND MARKETING STRATEGY

Our business strategy always revolves around ascertaining supply of superior quality and authentic diamonds to our customers. Further, customer satisfaction, timely delivery of orders and purchase-sell of authentic diamonds is also our prime focus. We believe that the above strategies shall help the company grow in many ways, only when we develop and maintain long-term and stable relationships with our key suppliers and key customers. Further, to ensure continuous support from our reliable and existing suppliers, we work with them on mutual agreed terms. This helps us in sourcing the right quality and authenticated diamonds from them. Continuous and periodically review of business operation, sales and marketing strategy and distribution strategy, shall help us improve our internal processes and systems thereby increasing our business growth at a faster rate. These strategies will also contribute towards maximizing and sustaining returns to all stakeholders and assist us to compete with the unorganized and organized players in the similar line of business.

PLANT AND MACHINERY

We own the following plant and machinery:

Name of the Machine	Specification/ Description	Quantity (Nos.)
Computer Software Sarin Machine	This Software is used to measure size of diamonds	4
Manchinery (Ghanti)	This machine is used for polishing of diamonds	40
Machinery (Russian Brutter)	This Machinery is used to give round shape to diamonds	3
Metalar Weight (Kanti)	To Check Weight of Diamonds	4
Sarin Diamark Z Machine	This machine allows to precisely measure diamond cut in mere seconds	2
Sarin Dia Mention (Hardware)	This machine allows to precisely measure diamond cut in mere seconds	2
Sarin I Machine	This machine allows to precisely measure diamond cut in mere seconds	1

CAPACITY AND CAPACITY UTILIZATION

The details of our capacity and capacity utilization is given below:

Present (No. of polished and rough diamonds)

Particulars	FY 2021-22	FY 2020-21
Installed Capacity	1,02,000 carat	1,02,000 carat
Total Production	1,01,200 carat	93,600 carat
Capacity Utilization (%)	99.22	91.76

RAW MATERIAL

Rough diamonds are the major raw material used by us in providing value added services to manufacture the rough and polished diamonds. We source these from locally from various suppliers in domestic markets.

COMPETITION

We operate in a highly competitive market and there are large numbers of players in organized sector as well as in unorganized sector. Our competition primarily depends on the quality and authenticity of diamonds purchased and sold in the market. Besides these, other factors like price, shape, cut, color, size, category, after sale service and

timely delivery also play an important role in competing with our unorganized sector and from both small and big regional and national players. Our experience in this business has enabled us to provide quality products in response to customer‘s demand for best quality.

INFORMATION TECHNOLOGY

We use information technology systems to enhance our performance and efficiency. We are in the process of implementing enterprise resource planning software across the various business functions in our Company to integrate systems among our departments, including engineering and accounting. This system will allow us to streamline our processes while enhancing our monitoring and control functions.

COLLABORATIONS/TIE UPS/ JOINT VENTURES

The Company has so far not entered into any technical or financial or any other collaboration agreement as on the date of filing the Letter of Offer.

IMPORT-EXPORT OBLIGATIONS

There is no Import-Export Obligation as on date of this Letter of Offer.

SAFETY, HEALTH AND ENVIRONMENT

We are committed to complying with applicable health, safety and environmental regulations and other requirements in our operations. To help ensure effective implementation of our safety policies and practices, at the beginning of each project we identify potential material hazards, evaluate all material risks and institute, implement and monitor appropriate risk mitigation measures. We endeavor to minimize accidents at our project sites. Our Company equips laborers with safety equipment and material that covers them from the risk of potential health hazards. Project heads are principally responsible for ensuring that safety standards are met at project sites.

INSURANCE

Our Company has not taken any insurance cover at present. The Company will work towards taking insurance coverage to such amounts that will be sufficient to cover all normal risks associated with its operations and is in accordance with the industry standard.

HUMAN RESOURCES/ EMPLOYEES

We believe that a team of committed and motivated employees is a key competitive advantage and will benefit us in our future growth and expansion. As of March 31, 2022 we had a total of 11 employees on the payroll of our Company. The table below shows the functional breakdown of our employees:

Designation	Number of Employees
Executive Directors	3
CEO, CFO Company Secretary & Compliance Officer & Senior Managerial	2
General Manager/ Managers / Officers / Executives	6
Total	**11**

OUR PROPERTIES

The detail of our property is as follows:

Agreement Date; Lease Period	Name of the Lessor/ Vendor	Leased/ Owned	Location of the Property	Lease Fee/ Purchase Cost	Purpose
04-Feb-2022; 36 months w.e.f. 01-04-2022	Mr. Gautam P. Sheth	Leased	3rd Floor, Office – 301, Sumukh, Super Compound, Vasta Devadi Road, Surat 395004, Gujarat, India	Rs. 10,000 p.m.	Used as Registered office and corporate office

01-02-2022; 24 months w.e.f. 01-04-2021	Mr. Gautam P. Sheth	Leased	JW, 9010, A/4, Bharat Diamond Bourse, Bandra Kurla Complex, Bandra (East), Mumbai- 400051	Rs. 2,22,750 p.a.	Mumbai Branch

INTELLECTUAL PROPERTY

As on the date of this Letter of Offer, Our Company has neither registered its logo or company`s name with the Registrar of Trademarks. Further, the company does not hold any other kind of Intellectual Property Rights.

In the future the company may make an application with the Registrar of Trademarks to register its logo or company`s name.

OUR MANAGEMENT

As per the Articles of Association and subject to the provisions of the Companies Act, our Company is required to have not less than three Directors and not more than fifteen Directors, unless otherwise determined by our Company through a special resolution. As on the date of this Letter of Offer, our Board comprises of 6 (Six) Directors, of which 1 (One) Director is Managing Director, 1 (One) Director as Whole-time Director, 1 (one) Executive Director and 3 (Three) Directors are Non-executive Independent Directors out of which 2 (Two) are a woman Director. The composition of our Board is governed by the provisions of the Companies Act and the SEBI Listing Regulations and the norms of the code of corporate governance as applicable to listed companies in India.

Our Board of Directors

The following table sets forth the details regarding our Board as on the date of this Letter of Offer**:**

Name, Designation/Occupation, Address, Din No., Date of Birth, Occupation, Nationality	Date Of Appointment/ Re-appointment & Term	Other Directorships
Mr. Gautam Pravinchandra Sheth **S/o.** Mr. Pravinchandra Sheth **Date of Birth:** May 19,1982 **Age**: 40 Years **Designation:** Managing Director **Address:** 3-A, 1st Floor, Royal Villa Apartment, Opp. Guru Krupa Soc., Surat 395007, Gujarat, India **DIN:** 06748854 **Occupation:** Business **Nationality:** Indian	Appointed as Promoter Director w.e.f. 18/02/2014; and change in designation as Managing Director w.e.f. 25/08/2017 for a term of 5 years	• Ardi Investment And Trading Co., Limited • PPA Jewellers Private Limited
Mrs. Nidhi Gautam Sheth **W/o.** Mr. Gautam Pravinchandra Sheth **Date of Birth:** December 12, 1982 **Age**: 39 years **Designation:** Whole-Time Director **Address:** 3-A, 1st Floor, Royal Villa Apartment, Opp. Guru Krupa Soc., Surat 395007, Gujarat, India **DIN:** 06748877 **Occupation:** Business **Nationality:** Indian	Appointed as Promoter Director w.e.f. 18/02/2014; regularization Whole-Time Director on w.e.f. 01/12/2017 for a term of 5 years	• PPA Jewellers Private Limited
Mrs. Kanchanben Pravinchandra Sheth **W/o.** Mr. Pravinchandra Sheth **Date of Birth:** July 29, 1955 **Age:** 66 years **Designation:** Executive Director **Address:** 3-A, 1st Floor, Royal Villa Apartment, Opp. Guru Krupa Soc., Surat 395007, Gujarat, India **DIN:** 06748900 **Occupation:** Business **Nationality:** Indian	Appointed as Director w.e.f. 18/02/2014; regularization as Executive Director w.e.f. 18/02/2014; Re-appointed as Executive Director w.e.f. 01/09/2018 and is liable to retire by rotation	NIL
Mr. Prakash Nanalal Mehta **S/o.** Mr. Nanalal S. Mehta **Date of Birth:** January, 12 1977 **Age:** 45 years **Designation:** Non-executive Independent Director **Address:** B/2 Kalpvrux Apartment,Rangil Das Mehta Street, Gopipurs, Surat M Corp., Surat 395001,Gujarat, India **DIN:** 07919440 **Occupation:** Business	Appointed as Non-executive Independent Director w.e.f. 25/08/2017 for a term of 5 years	NIL

Name, Designation/Occupation, Address, Din No., Date of Birth, Occupation, Nationality	Date Of Appointment/ Re-appointment & Term	Other Directorships
Nationality: Indian		
Mr. Pravin Manilal Parekh **S/o.** Mr. Manilal R. Parekh **Date of Birth:** July 9, 1975 **Age:** 47 years **Designation:** Non-executive Director **Address:** 302 Navpad Building, Hanuman Char Rasta, Opp.SBI Bank, Gopipura, Surat M Corp, Surat 395001, Gujarat, India **DIN:** 07919428 **Occupation:** Service **Nationality:** Indian	Appointed as Non-executive Director w.e.f. 25/08/2017; Regularized with effect from 01/09/2018; Re-appointed w.e.f. 30/09/2021 and is liable to retire by rotation	NIL
Mr. Harshit Hashmukhbhai Vadecha **S/o.** Mr. Hashmukhbhai Kakaldas Vadecha **Date of Birth:** June 8, 1989 **Age:** 33 years **Designation:** Non-executive Independent Director **Address:** C-401, Gala Aura, South Bopal, Ahmedabad – 380 058, Gujarat, India206-4 Floor, Sanghvi Tower-2, Vidhi Apartment, Near Gujarat Gas Circle, Adajan **DIN**: 08463595 **Occupation:** Business **Nationality:** Indian	Appointed as Non-executive Independent Director w.e.f. 30/05/2019 for a term of 5 years	NIL
Mr. Umeshbhai Rasiklal Gor **S/o.** Mr. Rasiklal Dayalal Gor **Date of Birth:** February 14, 1970 **Age:** 52 years **Designation:** Additional Director **Address:** A-407, Vinayak Residency, behind Anand Tower, Dudhiya Cross Road, Daskroi, Ahmedabad- 382481 **DIN:** 08845586 **Occupation:** Business **Nationality:** Indian	Appointed as Additional Independent Director on w.e.f. 11/02/2022 and liable upto next AGM	• Elegant Floriculture & Agrotech (India) Limited • Encode Packaging India Limited

Relationship between Directors

Except for Mr. Gautam P Sheth and Mrs. Nidhi G Sheth being spouse each other and Mrs. Kanchanben P. Sheth being Mother to Mr. Gautam P Sheth and Mother-in-Law to Mrs. Nidhi G Sheth; none of the other directors are related to each other and have any family relationships as per section 2(77) of the Companies Act, 2013.

Brief Profile of the Directors of our Company

Mr. Gautam P Sheth- Managing Director

Mr. Gautam P Sheth aged 40 years is the Promoter and Managing Director of our company. He has completed his Bachelor of Commerce from University of Mumbai. He started his carrier at an early age of 19. He learnt Cutting Polishing & Assortment of Rough & Polished Diamonds in Surat & Antwerp. He also completed the needful course of GIA for the Deep and Final knowledge of Polished Diamonds. He Manages Sales Purchases & Finance of the Company. He has 15 years of work experience in Diamond industry. He led many new initiatives in Gautam Gems Limited and has been key player in growth of company. He spearheads the overall functioning of our Company.

Mrs. Nidhi G Sheth- Whole-Time Director

Mrs. Nidhi G. Sheth aged 40 years is the Promoter and Whole-Time Director of our company. She has completed her Bachelor of Home Science from Shreemati Nathibai Damodar Thackersey Women's University. She started her

Carrier 7 years back with the assortment of Diamonds. She is master in Polished Diamond. She looks in Assortment Department as well as Sales of Company.

Mrs. Kanchanben P Sheth- Executive Director

Mrs. Kanchanben P. Sheth, aged 66 years, is the Executive Director of our Company with effect from 18th February, 2014.

Mr. Prakash N Mehta – Non-Executive Independent Director

Mr. Prakash N Mehta, aged 45 years, is the Non-Executive Independent Director of our Company. He is a Commerce Graduate. After completion of graduation he has started job in the field of accounting. He has more than 10 years of experience in the field of accounting. He has also experience of purchase, sale and overall management of the company along-with accounting. He brings value addition to our Company.

Mr. Pravin M Parekh – Non-Executive Director

Mr. Pravin M Parekh, aged 47 years, is the Non-Executive Director of our Company. He is a Commerce Graduate. He has more than 7 years of experience in the field of sales and marketing. He also had good knowledge of accounting and He manages accounts department of the company. As a Director of our Company with corporate acumen, he brings value addition to our Company.

Mr. Harshit Vadecha- Non-Executive Independent Director

Mr. Harshit Vadecha aged 33 years is the Non-Executive Independent Director of Our company. He is 12th Pass. He has more than 15 years of experience in diamond line. After Completion of 12th he has started working and learnt to make diamond products and after so many years of working He has specialization in manufacturing of diamond products. He brings value addition to our Company.

Mr. Umesh Gor- Non-Executive Independent Director

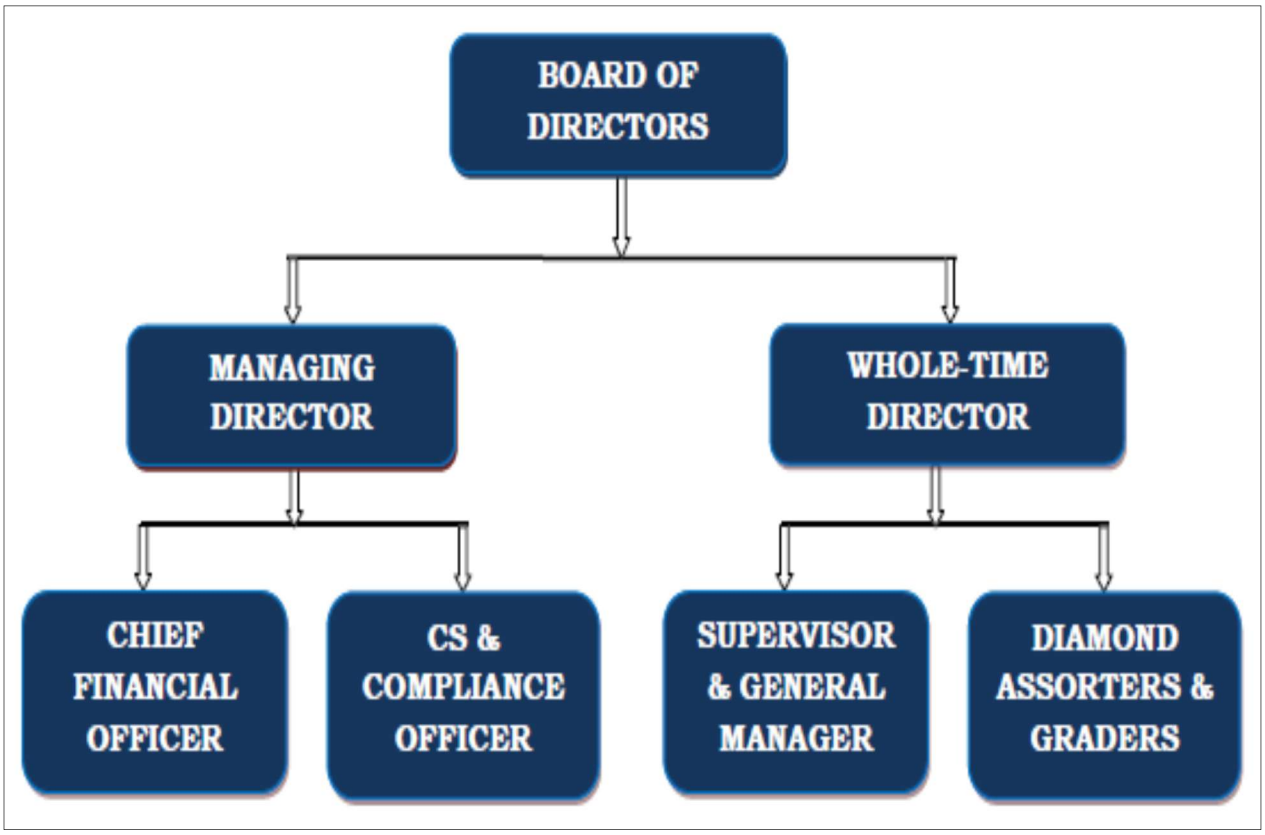
Mr. Umesh Gor aged 52 years is the Non-Executive Independent Director of our company. He is commerce graduate. He has completed his graduation from Mumbai University. After Completion of graduation he has started his business of manufacturing and supplying of Elevators. Now he has more than 18 years of experience in manufacturing and supplying of Elevators.

Confirmations

- There are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the Directors were selected as a Director.
- There is no service contracts entered into by the Directors with our Company providing for benefits upon termination of employment.
- None of the Directors is categorized or are on the RBI List of wilful defaulters.
- None of our Directors are declared Fugitive Economic Offenders under Section 12 of the Fugitive Economic Offenders Act, 2018.
- None of our Directors is or was a director of any listed company during the last five years preceding the date of this Letter of Offer, whose shares have been or were suspended from being traded on the Stock Exchange(s), during the term of their directorship in such company:
- None of our Directors is or was a director of any listed company whose shares have been or were delisted from the Stock Exchange(s), during the term of their directorship in such company in the past 10 years.
- None of the Promoters, Persons forming part of our Promoter Group, Directors or persons in control of our Company, has been or is involved as a promoter, director or person in control of any other company, which is debarred from accessing the capital market under any order or directions made by SEBI or any other regulatory authority.

For details on legal cases, please refer to the chapter titles "Outstanding Litigations And Material Developments" beginning on page 146 of this Letter of Offer.

Management Organization Chart



Corporate Governance

Our Company stands committed to good corporate governance practices based on the principles such as accountability, transparency in dealings with our stakeholders, emphasis on communication and transparent reporting.

We have a Board constituted the Board Committees in compliance with the Companies Act. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. Our executive management provides the Board detailed reports on its performance periodically. Our Board has six Directors, comprising of one Managing Director, two Executive Director and two Non-Executive Independent Directors and one Professional Non-Executive Director.

Our Company has constituted the following Committees in compliance with the corporate governance norms:

1) Audit Committee;
2) Nomination and Remuneration Committee; and
3) Stakeholders Relationship Committee.

Audit Committee

The Audit Committee was constituted pursuant to section 177 of the Companies Act, 2013 with the following members forming a part of the said Committee:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Prakash N Mehta	Chairman	Non-Executive-Independent Director
Mr. Pravin M Parekh	Member	Non-Executive Director
Mrs. Nidhi Gautam Sheth	Member	Whole time director
Mr. Harshit Vadecha	Member	Non-Executive-Independent Director

The Company Secretary and Compliance Officer of the Company acts as the secretary of the Audit Committee.

Set forth below are the scope, functions and the terms of reference of our Audit Committee, in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (LODR) Regulations, 2015.

1) Oversight of the 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) 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 (c) of sub-section 3 of Section 134 of the Companies Act, 2013
   - Changes, if any, in accounting policies and practices and reasons for the same
   - Major accounting entries involving estimates based on the exercise of judgment by management
   - Significant adjustments made in the financial statements arising out of audit findings
   - Compliance with listing and other legal requirements relating to financial statements
   - Disclosure of any related party transactions
   - Qualifications in the draft audit report.
5) Reviewing, with the management, the half yearly financial statements before submission to the board for approval
6) 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//notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8) Approval or any subsequent modification of transactions of the company with related parties;
9) Scrutiny of inter-corporate loans and investments;
10) Valuation of undertakings or assets of the company, wherever it is necessary;
11) Evaluation of internal financial controls and risk management systems;
12) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
13) 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.
14) Discussion with internal auditors any significant findings and follow up there on.
15) 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.
16) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
17) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
18) To review the functioning of the Whistle Blower mechanism.
19) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
20) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Explanation (i): The term "related party transactions" shall have the same meaning as contained in the Accounting Standard 18, Related Party Transactions, issued by The Institute of Chartered Accountants of India.

Explanation (ii): If the Issuer has set up an audit committee pursuant to provision of the Companies Act, the said audit committee shall have such additional functions / features as is contained in this clause.

The Audit Committee enjoys following powers:

a) To investigate any activity within its terms of reference
b) To seek information from any employee
c) To obtain outside legal or other professional advice
d) To secure attendance of outsiders with relevant expertise if it considers necessary
e) The audit committee may invite such of the executives, as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the committee, but on occasions it may also meet without

the presence of any executives of the Issuer. The finance director, head of internal audit and a representative of the statutory auditor may be present as invitees for the meetings of the audit committee.

The Audit Committee shall mandatorily review the following information:

a) Management discussion and analysis of financial condition and results of operations;
b) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
c) Management letters / letters of internal control weaknesses issued by the statutory auditors;
d) Internal audit reports relating to internal control weaknesses; and
e) The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

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 incorporated in the minutes of 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.

Quorum and Meetings

The audit committee shall meet at least four times in a year and not more than four months shall elapse between two meetings. The quorum shall be either two members or one third of the members of the audit committee whichever is greater, but there shall be a minimum of two independent members present. Since the formation of the committee, no Audit Committee meetings have taken place.

Stakeholder`s Relationship Committee

The Shareholders and Investors Grievance Committee have been formed by the Board of Directors pursuant to section 178 (5) of the Companies Act, 2013 with the following members forming a part of the said Committee:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Prakash N Mehta	Chairman	Non-Executive-Independent Director
Mr. Nidhi G Sheth	Member	Executive Director
Mr. Harshit Vadecha	Member	Non-Executive-Independent Director

The Company Secretary and Compliance Officer of the Company acts as the secretary of the Shareholders/ Investors Grievance Committee.

This Committee will address all grievances of Shareholders and Investors in compliance of the provisions of section 178 (5) of the Companies Act, 2013and its terms of reference include the following:

1. Redressing of shareholders and investor complaints such as non-receipt of declared dividend, annual report, transfer of Equity Shares;
2. Issue of duplicate certificates and new certificates on split/consolidation/renewal, etc.;
3. Allotment of shares, monitoring and approving 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. Reference to statutory and regulatory authorities regarding investor grievances;
5. To otherwise ensure proper and timely attendance and redressal of investor queries and grievances;
6. And to do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers; and
7. Carrying out any other function contained in the SEBI (LODR) Regulations as and when amended from time to time.

Quorum and Meetings

The quorum necessary for a meeting of the Stakeholders Relationship Committee shall be two members or one third of the members, whichever is greater. Since the formation of the committee, no Stakeholders Relationship Committee meetings have taken place.

Nomination and Remuneration Committee

The constitution of the Nomination and Remuneration Committee was constituted at a meeting of the Board of Directors pursuant to section 178 of the Companies Act, 2013 with the following members forming a part of the said Committee:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Prakash N Mehta	Chairman	Non-Executive-Independent Director
Mr. Pravin M Parekh	Member	Non-Executive Director
Mr. Harshit Vadecha	Member	Non-Executive-Independent Director

The Company Secretary and Compliance Officer of the Company acts as the secretary of the Nomination and Remuneration Committee.

The scope of Nomination and Remuneration Committee shall include but shall not be restricted to the following:

1) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2) Formulation of criteria for evaluation of Independent Directors and the Board;
3) Devising a policy on Board diversity;
4) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report;
5) To recommend to the Board, the remuneration packages 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. of the executive directors;
6) To implement, supervise and administer any share or stock option scheme of our Company; and
7) To attend to any other responsibility as may be entrusted by the Board within the terms of reference.

Quorum and Meetings

The quorum necessary for a meeting of the Nomination and Remuneration Committee shall be two members or one third of the members, whichever is greater.

Sexual Harassment Committee

The Sexual Harassment Committee was constituted by the Board of Directors at the meeting held on in compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. As on the date of this Prospectus the Sexual Harassment Committee consists of the following Directors:

Name of the Director	Designation in the Committee	Nature of Directorship
Mrs. Nidhi G Sheth	Chairman	Whole time director
Mr. Pravin M Parekh	Member	Non-Executive Director
Mr. Prakash N Mehta	Member	Non-Executive -Independent Director
Mrs. Kanchanben Sheth	Member	Executive Director

Our Company Secretary and Compliance Officer of the Company would act as the secretary of the Sexual Harassment Committee.

The scope and function of the Sexual Harassment Committee and its terms of reference shall include the following:

1) To create and maintain an atmosphere in which employees can work together, without fear of sexual harassment, exploitation or intimidation.
2) Every employee is made aware that the Company is strongly opposed to sexual harassment and that such behavior is prohibited both by law and by the Company.
3) The committee shall take reasonable steps to ensure prevention of sexual harassment at work which may include circulating applicable policies and other relevant information to all associates, including to all new joinees'.
4) Ensure to provide safeguards against false or malicious charges.
5) To discourage and prevent employment-related sexual harassment.

6) To investigate every formal written complaint of sexual harassment.
7) Review the complainant's complaint in a fair and objective manner.
8) Determine the facts of the case with the individuals concerned and the witnesses, if any, and prepare a report with the findings.
9) To redress complaints of sexual harassment by taking appropriate remedial measures to respond to any substantiated allegations of sexual harassment.
10) To protect the interests of the victim, the accused person and others who may report incidents of sexual harassment, confidentiality will be maintained throughout the investigatory process to the extent practicable and appropriate under the circumstances.
11) To ensure all records of complaints, including contents of meetings, results of investigations and other relevant material kept are confidential by the Company except where disclosure is required under disciplinary or other remedial processes.
12) Be bound in the principle of natural justice and be unbiased in their evaluation.

Quorum and Meetings

The Sexual Harassment Committee is required to meet at least four times in a year and not more than four months will elapse between two meetings. The quorum will be either two members or one third of the members of the Sexual Harassment Committee whichever is greater, but there should be a minimum of two independent members present.

Policy on Disclosures and Internal Procedure for Prevention of Insider Trading

Our Company undertakes to comply with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, after listing of our Company's shares on the Stock Exchanges. Our Company Secretary and Compliance Officer is responsible for setting forth policies, procedures, monitoring and adhering to the rules for the prevention of price sensitive information and in the implementation of the code of conduct under the overall supervision of the Board.

Our Key Management Personnel and Senior Management Personnel

Name	Designation	Date of Appointment/ Re-Appointment (as the case may be)
Mr. Gautam Pravinchandra Sheth	MD & CEO	25-08-2017
Mrs. Nidhi Gautam Sheth	WTD	01-12-2017
Mrs. Kanchanben Pravinchandra Sheth	Executive Director	18-02-2014
Mr. Samir Lalitbhai Shah	CFO	25-08-2017
Ms. Anilbhai Keshubhai Modhavadiya	CS & Compliance Officer	01-07-2019

Relationship between Key Managerial Personnel's

Except for Mr. Gautam P Sheth and Mrs. Nidhi P Sheth being spouse each other and Mrs. Kanchanben P Sheth being Mother to Mr. Gautam P Sheth and Mother-in-Law being to Mrs. Nidhi P Sheth; none of the other Key Managerial Personnel are related to each other or Directors and have any other family relationships as per section 2(77) of the Companies Act, 2013.All our Key Managerial Personnel are permanent employees of our Company. None of our Key Managerial Personnel are entitled to receive any termination or retirement benefits.

Status of Key Managerial Personnel

All our key managerial personnel are permanent employees of our Company.

Bonus or Profit Sharing Plan for our Key Managerial Personnel

As on the date of this Letter of Offer our Company does not have any performance linked bonus or profit sharing plan with any of our key managerial personnel.

Employees Stock Option Scheme

Our Company does not have any Employee Stock Option Scheme/ Employee Stock Purchase Scheme as on the date of filing of the Letter of Offer.

Payment or Benefit to officers of our Company

Except as stated in the Letter of Offer and any statutory payments made by our Company, no non-salary amount or benefit has been paid, in two preceding years, or given or is intended to be paid or given to any of our Company's officers except remuneration of services rendered as Directors, officers or employees of our Company.

Except as stated in the section "Financial Statements" on page 89 of the Letter of Offer, none of the beneficiaries of loans and advances and sundry debtors are related to our Company, our Directors or our Promoters.

Currently, our Company does not have any profit sharing plans or any employee stock option or purchase schemes for our employees.

Arrangements and Understanding with Major Shareholders

None of our key managerial personnel or Directors has been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others.

OUR PROMOTER

The Promoters of our Company is Mr. Gautam P Sheth and Mrs. Nidhi G Sheth.

As on date of this Letter of Offer, Our Promoters together hold 20,00,817 Equity Shares having face value of Rs. 10 per share and representing 19.87% of the pre-issue Paid up Capital of our Company.

Our Company confirms that the permanent account number, bank account number and passport number in case of our Individual Promoters shall be submitted to the Stock Exchanges at the time of filing this Letter of Offer.

Our Individual Promoters:

Mr. Gautam P Sheth

For details of the educational qualifications, experience, other directorships, positions / posts held by our Individual Promoter, please see the chapter titled "Our Management" on page 78 of this Letter of Offer. He holds 18,48,870 Equity Shares constituting 18.37% of our issued, subscribed and paid-up equity share capital.

Mrs. Nidhi G Sheth

For details of the educational qualifications, experience, other directorships, positions / posts held by our Individual Promoter, please see the chapter titled "Our Management" on page 78 of this Letter of Offer. She holds 1,51,947 Equity Shares constituting 1.51 % of our issued, subscribed and paid-up equity share capital.

Confirmations

1) None of our Promoters or members of our Promoter Group have been declared as willful 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.

2) Our Promoters have not been declared as a Fugitive Economic Offender under Section 12 of the Fugitive Economic Offenders Act, 2018.

3) None of our Promoters or Promoter Group entities have been debarred or prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority. Our Promoters and members of the Promoter Group are not and have never been promoters, directors or person in control of any other company, which is debarred or prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

4) Except as disclosed in the 'Outstanding Litigation and Material Developments' on page 146 of this Letter of Offer, there is no litigation or legal action pending or taken by any ministry, department of the Government or statutory authority during the last 5 (five) years preceding the date of the Issue against our Promoters.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act. The dividend, if any, will depend on a number of factors, including but not limited, consolidated net operating profit after tax, working capital requirements, capital expenditure requirements, cash flow required to meet contingencies, outstanding borrowings, and applicable taxes payable by our Company. In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under loan or financing arrangements our Company is currently availing of or may enter into to finance our fund requirements for our business activities.

Our Company has not declared any dividends in last 3 fiscal years. There are no dividends declared by our Company since incorporation.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Sr. No.	Particulars	Page Number
1	Restated Summary Statements as at and for the years ended March 31, 2022, 2021, 2020 and 2019.	90-113
3	Audited Financial Results for March 31, 2022	114-136

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RESTATED FINANCIAL STATEMENTS

To,
The Board of Directors,
Gautam Gems Limited
3rd Floor, Office – 301,
Sumukh, Super Compound,
Vasta Devadi Road,
Surat 395004, Gujarat, India

Sub.: Auditors' Report on Restated Financial Information in connection with the Right Issue of Gautam Gems Limited

Dear Sirs,

1. We, Bhagat & Co. Chartered Accountants, have examined the attached Restated Summary Statements and Other Financial Information of **Gautam Gems Limited,** (hereinafter referred to as "**the Company"** or "**Issuer**") described below and annexed to this report for the Financial year ending on March 31, 2022, 2021, 2020 and 2019 based on the audited financial statements of the Company (collectively referred to as the **"Restated Financial Statements**"). The said Restated Financial Statements and other Financial Information have been prepared for the purpose of inclusion in the in the Draft Letter of Offer ("DLOF") and Letter of Offer ("LOF"), in connection with its proposed Rights issue of equity shares of the Company of face value of Rs. 10 each ("Proposed Rights issue"). The Restated Consolidated Summary Statements, which have been approved by the Board of Directors of the Company, have been prepared by the Company in accordance with the requirements of:

    a. Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Companies Act") as amended;
    b. relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "ICDR Regulations") and as per Schedule VI (Part B-1) (14) of the said Regulations; and
    c. The Guidance Note on Reports on Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended (the "Guidance Note")

Management's Responsibility for the Restated Consolidated Summary Statements

2. The company's board of directors is responsible for the preparation of the Restated Financial Information for the purpose of inclusion in the Offer Documents to be filed with BSE Limited and the Registrar of Companies, in connection with the proposed Rights Issue. The Management's responsibility includes designing, implementing and maintaining adequate internal controls relevant to the preparation and presentation of the Restated Financial Statements. The Management is also responsible for identifying and ensuring that the Company complies with the Act, the ICDR Regulations and the Guidance Note, as may be applicable.

Auditors' Responsibilities

3. We have examined such Restated Financial Statements taking into consideration:

    a. The terms of reference and our engagement agreed with you vide our engagement letter dated April 30, 2022, requesting us to carry out work on such Restated Financial Statements, proposed to be included in the LOF of the Company in connection with the Company's Proposed Rights issue;
    b. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India;
    c. Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Summary Statements; and
    d. The requirements of Section 26 of Companies Act, and applicable provisions of the ICDR Regulations.

Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the Rights issue.

Restated Financial Statements

4. The Company's Financial Statements for the Quarter ending on December 31, 2021 (Limited Review Report), and financial year ended on March 31, 2021, 2020 and 2019 which have been approved by the Board of Directors at their meeting held on January 13, 2022, June 30, 2021, July 27, 2020 and May 30, 2019 respectively and books of accounts underlying those financial statements and other records of the Company, to the extent considered necessary for the preparation of the Restated Financial Statements, are the responsibility of the Company's Management. The Financial Statement of the Company for the Quarter ending on December 2021, and financial year ended on March 31, 2021, 2020 and 2019 which has been limited reviewed has been audited by M/s. Parth Shah & Associates, as statutory auditor and accordingly reliance has been placed on the financial information examined by them for the said years. Our financial report included for the same is based solely on the audited financial reports submitted by them.

5. In terms of Schedule VI, PART B-1(14) of the SEBI (ICDR) Regulations, 2018 and other provisions relating to the accounts of the Company, we report that:

   (a) The **Restated Statement of Assets and Liabilities** for the financial year ended on March 31, 2022, 2021, 2020 and 2019, examined by us, as set out in **Annexure 1** to this report, is prepared by the Company and approved by the Board of Directors. These Restated Summary Statement of Assets and Liabilities, have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Accounts as set out in Annexure 4 & 4.1 to this Report.

   (b) The **Restated Statement of Profit and Loss** of the Company for the financial year ended on March 31, 2022, 2021, 2020 and 2019, examined by us, as set out in **Annexure 2** to this report, is prepared by the Company and approved by the Board of Directors. These Restated Summary Statement of Profit and Loss, have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Accounts as set out in Annexure 4 & 4.1 to this Report.

   (c) The **Restated Statement of Cash Flows** of the Company for the financial year ended on March 31, 2022, 2021, 2020 and 2019 examined by us, as set out in **Annexure 3** to this report, is prepared by the Company and approved by the Board of Directors. These Restated Summary Statement of Cash Flows, have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Accounts as set out in Annexure 4 & 4.1 to this Report.

   As a result of these adjustments, the amounts reporting in the above-mentioned statements are not necessarily the same as those appearing in the audited financial statements of the Company for the relevant financial years.

6. Based on the above, as per the reliance placed by us on the audited financial statements of the Company and report thereon given by the Statutory Auditor of the Company for the financial year ended on March 31, 2022, 2021, 2020 and 2019 and to the best of our information and according to the explanation given to us, we are of the opinion that Restated Financial Statement:

   (a) have been made after incorporating adjustments for prior period and other material amounts, if any, in the respective financial years to which they relate to;

   (b) do not contain any extra ordinary items that need to be disclosed separately other than those presented in the Restated Financial Statement and do not contain any qualification requiring adjustments;

   (c) There were no qualifications in the Audit Reports issued by the Statutory Auditors for the financial year ended on March 31, 2022, 2021, 2020 and 2019 which would require adjustments in this Restated Financial Statements of the Company;

   (d) Profits and losses have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regroupings as in our opinion are appropriate and are to be read in

accordance with the Significant Accounting Polices and Notes to Accounts as set out in Annexure 4 to this report;

(e) Adjustments in Restated Summary Statements have been made in accordance with the correct accounting policies,

(f) There was no change in accounting policies, which needs to be adjusted in the Restated Summary Statements;

(g) There are revaluation reserves, which need to be disclosed separately in the Restated Financial Statements;

(h) The Company has not paid any dividend since its incorporation.

7. We have also examined the following other Restated Financial Information as set out in the respective Annexure to this report and forming part of the Restated Financial Statement, prepared by the management of the Company for the Period ended March 31, 2022 and year ended March 31, 2021, 2020, 2019, proposed to be included in the Draft Letter of Offer ("DLOF") and Letter of Offer ("LOF"), in connection with its proposed Rights issue of equity shares of the Company of face value of Rs. 10 each ("Proposed Rights issue"):

1. Statement of Share Capital and Reserves & Surplus, as restated in **Annexure 05** to this report.
2. Statement of Deferred Tax Liabilities as restated in **Annexure 06** to this report.
3. Statement of Short Term Borrowings as restated in **Annexure 07** to this report.
4. Statement of Trade Payables as restated in **Annexure 08** to this report.
5. Statement of Current Liabilities as restated in **Annexure 09** to this report.
6. Statement of Short Term Provisions as restated in **Annexure 10** to this report.
7. Statement of Fixed Assets as restated in **Annexure 11** to this report.
8. Statement of Inventory as restated in **Annexure 12** to this report.
9. Statement of Trade Receivables as restated in **Annexure 13** to this report.
10. Statement of Cash and Cash Equivalents as restated in **Annexure 14** to this report.
11. Statement of Short term loans and advances as restated in **Annexure 15** to this report.
12. Statement of other current assets as restated in **Annexure 16** to this report
13. Statement of Revenue from Operations as restated in **Annexure 17** to this report.
14. Statement of Other Income as restated in **Annexure 18** to this report.
15. Statement of purchases of Stock-In-Trade as restated in **Annexure 19** to this report.
16. Statement of Changes in Inventories as restated in **Annexure 20** to this report.
17. Statement of Employee Benefit Expenses as restated in **Annexure 21** to this report.
18. Statement of Finance Costs restated in **Annexure 22** to this report.
19. Statement of Other Expenses as restated in **Annexure 23** to this report.
20. Statement of Dividend Declared as restated in **Annexure 24** to this report.
21. Statement of Tax Shelters as restated in **Annexure 25** to this report.

22. Statement of Contingent Liabilities as restated in **Annexure 26** to this report.

23. Statement of Related Party Transactions as restated in **Annexure 27** to this report.

24. Other Financial Information as restated in **Annexure 28** to this report.

25. Statement of Capitalized as restated in **Annexure 29** to this report.

26. Statement of Financial Indebtness as restated in **Annexure 30** to this report.

8. We, Bhagat & Co., Chartered Accountants have been subjected to the peer review process of the Institute of Chartered Accountants of India ("ICAI") and hold a valid peer review certificate Number 012958 dated April 9, 2021 valid till March 31, 2024 w.e.f. March 30, 2021 and as issued by the "Peer Review Board" of the ICAI.

9. The preparation and presentation of the Financial Statements referred to above are based on the Audited financial statements of the Company and are in accordance with the provisions of the Act and ICDR Regulations. The Financial Statements and information referred to above is the responsibility of the management of the Company.

10. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as an opinion on any of the Standalone Financial Information referred to herein.

11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

12. In our opinion, the above Restated Financial Statements contained in Annexure 1 to 30 to this report read along with the 'Significant Accounting Policies and Notes to the Restated Financial Statements' appearing in Annexure 4 after making adjustments and regrouping/reclassification as considered appropriate and have been prepared in accordance with the provisions of Section 26 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules 2014, to the extent applicable, the SEBI Regulations, the Guidance Note issued in this regard by the ICAI, as amended from time to time, and in terms of our engagement agreed with you.

13. Our report is intended solely for use of the Management and for inclusion in the DLOF and LOF to be filed with SEBI and BSE Limited in connection with the proposed Rights Issue of the Company and is not to be used, referred to or distributed for any other purpose except with our prior written consent.

For, Bhagat & Co.
Chartered Accountants
Firm Registration No.: 127250W

Shankar Prasad Bhagat
Membership No.: 052725
Partner

Place: Ahmedabad
Date:
UDIN:

ANNEXURE 01

STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. In Lakhs)

Particulars	Annexure nos.	31st March, 2022	31st March, 2021	31st March, 2020	31st March, 2019
Equity & Liabilities					
Shareholders' Funds					
Share Capital	5	1006.71	1006.71	549.11	549.11
Share Application Money		-	-	-	-
Reserve & Surplus	5	423.57	383.39	806.90	750.45
Total (A)		**1430.28**	**1390.10**	**1356.01**	**1299.56**
Non-Current Liabilities					
Long Term Borrowings		-	-	-	-
Deferred Tax Liabilities (Net)	6	7.83	5.19	5.19	2.59
Long Term Provisions		-	-	-	-
Total (B)		**7.83**	**5.19**	**5.19**	**2.59**
Current Liabilities					
Short Term Borrowings	7	814.99	587.79	69.70	14.68
Trade Payables	8	2672.40	1733.98	79.46	137.62
Other Current Liabilities	9	-	-	1.07	-
Short Term Provisions	10	26.33	8.37	17.45	7.25
Total (C)		**3513.72**	**2330.14**	**167.68**	**159.55**
Total (D=A+B+C) - TOTAL LIABILITIES		**4951.83**	**3725.43**	**1528.88**	**1461.70**
Non Current Assets					
Fixed Assets					
Tangible Asset	11	213.47	223.52	50.95	61.11
Intangible Asset		-	-	-	-
Non-Current Investments		-	-	-	-
Long Term Loans & Advances		-	-	-	-
Other Non-Current Assets		-	-	-	-
Deferred Tax Assets		-	-	-	-
Total (E)		**213.47**	**223.52**	**50.95**	**61.11**
Current Assets					
Current Investments			-	-	-
Inventories	12	1464.83	2222.34	853.48	183.62
Trade Receivables	13	3185.39	1190.67	10.19	889.30
Cash & Bank Balances	14	39.54	11.43	69.81	50.27
Short Term Loans & Advances	15	15.36	15.00	513.02	262.24
Other Current Assets	16	33.24	62.47	31.43	15.16
Total (F)		**4738.36**	**3501.91**	**1477.93**	**1400.59**
Total (G=E+F) - TOTAL ASSETS		**4951.83**	**3725.43**	**1528.88**	**1461.70**

ANNEXURE 02

STATEMENT OF PROFIT & LOSS, AS RESTATED

(Rs. In Lakhs)

Particulars	Annexure nos.	31st March, 2022	31st March, 2021	31st March, 2020	31st March, 2019
Revenue					
I. Revenue From Operation					
Sale of Products	17	18006.01	9357.61	32817.04	4372.82
II. Other Income	18	14.15	24.18	61.07	0.00
Total Revenue (I+II)		**18020.16**	**9381.79**	**32878.11**	**4372.82**
Expenses					
Purchase of Stock-in-Trade	19	17049.30	10645.31	33399.08	4102.69
Changes in Inventories	20	757.51	(1368.86)	(669.85)	190.64
Employee Benefit Expenses	21	79.77	23.23	33.02	31.90
Finance Cost	22	28.43	5.52	0.26	0.24
Depreciation and Amortization Expenses		15.10	8.18	10.16	5.56
Other Expenses	23	16.91	27.04	30.49	17.00
Total Expenses		**17947.02**	**9340.42**	**32803.16**	**4348.03**
Profit before extraordinary items and tax		**73.14**	**41.37**	**74.95**	**24.79**
Prior period items (Net)		**-**	**-**	**-**	**-**
Net profit before Tax - Operating Income		**73.14**	**41.37**	**74.95**	**24.79**
Provision for Taxes					
1. Current taxes		18.42	-	15.00	4.47
2. Tax adjustment of earlier years		-	7.29	-	-
4. Deferred tax (Assets)\ Liabilities		2.64	-	2.59	2.59
Profit after tax and before extraordinary items		**52.08**	**34.08**	**57.36**	**17.73**
Extraordinary items		-	-	-	-
Net Profit after extraordinary items available for appropriation		**52.08**	**34.08**	**57.36**	**17.73**
Proposed Dividend		-	-	-	-
Dividend distribution tax		-	-	-	-
Net profit carried to Balance sheet		**52.08**	**34.08**	**57.36**	**17.73**

ANNEXURE 03

STATEMENT OF CASH FLOWS, AS RESTATED

(Rs. In Lakhs)

Particulars	31st March, 2022	31st March, 2021	31st March, 2020	31st March, 2019
A. Cash Flows From Operating Activities				
Net Profit before Tax	73.14	41.37	74.95	24.80
Adjustments for:-				
Depreciation	15.10	8.18	10.16	5.56
Interest & Finance charges	28.43	5.52	0.26	0.24
Other Income	(14.15)	(24.18)	(61.07)	-
Preliminary Expenses Written Off (Net)	-	-	-	3.25
Operating Cash Generated Before Working Capital Changes	**102.52**	**30.89**	**24.30**	**33.85**
Decrease (Increase) in Current Investments		-	-	-
(Increase) / Decrease in Inventory	757.51	(1368.86)	(669.85)	190.64
(Increase)/ Decrease in Receivables	(1994.72)	(1180.48)	879.10	(81.98)
(Increase) / Decrease in Loans and Advances	(0.36)	498.03	(250.79)	(262.24)
(Increase)/Decrease in Other current assets	29.24	(31.05)	(16.27)	10.26
Increase/(Decrease) in Short term borrowing	227.20	518.08	55.03	-
Increase/(Decrease) in Trade Payable	938.42	1654.52	(58.15)	130.74
Increase/(Decrease) in Other Liabilities	-	-	1.07	-
Increase / (Decrease) in Short Term Provisions	17.96	(10.15)	10.20	2.48
Increase / (Decrease) in Long Term Provisions	-	-	-	-
Cash generated from operations	**77.77**	**110.98**	**(25.36)**	**23.75**
Less : Direct taxes (paid) / refund	30.33	7.29	15.00	7.70
Less : Appropriation of Profit	-	-	-	-
Net Cash from before Extra-ordinary items	**47.44**	**103.69**	**(40.36)**	**16.05**
Extra-ordinary items	**-**	**-**	**-**	**-**
Net Cash Flow from Operating Activities (A)	**47.44**	**103.69**	**(40.36)**	**16.05**
B. Cash Flows From Investing Activities				
Sale / (Purchase) of Fixed Assets (Net)	(5.05)	(180.75)	-	(0.49)
Sale / (Purchase) of Non-Investments (Net)	-	-	-	-
Interest Received	-	-	-	-
Finance Cost	(28.43)	(5.52)	(0.26)	-
Other Income	14.15	24.18	61.07	-
Long term Loans & Advances	-	-	-	-
Sale of Investment	-	-	-	-
Net Cash Generated From Investing Activities (B)	**(19.13)**	**(162.09)**	**60.81**	**(0.49)**
C. Cash Flow From Financing Activities				
Net Increase/(Decrease) in Short Term Borrowings		-	-	-
Share Application Money Received		-	-	-
Proceeds / (Repayment) of Long Term Borrowings		-	-	-
Increase/(Decrease) in Unsecured Loans		-	-	-
Proceeds From issue of Share Capital		457.60	-	-
Increase/(Decrease) in Share Premium		(457.60)	-	-
Share Issue Expense	-	-	-	(0.15)
Adjustments in Reserves and Surplus	-	-	(0.91)	-
Decrease (Increase) in Long Term Loans &	-	-	-	-

Particulars	31st March, 2022	31st March, 2021	31st March, 2020	31st March, 2019
Advances				
Increase / (Decrease) in Short term Borrowings	-	-	-	3.37
Interest Expenses	-	-	-	(0.24)
Dividend Paid (including Dividend Tax)	-	-	-	-
Net Cash from Financing Activities [C]	**0.00**	**0.00**	**(0.91)**	**2.98**
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)	**28.11**	**(58.39)**	**19.54**	**18.54**
Opening Balance of Cash and Cash Equivalents	**11.43**	**69.81**	**50.27**	**31.73**
Closing Balance of Cash and Cash Equivalents	**39.54**	**11.43**	**69.81**	**50.27**

ANNEXURE 04- SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

I. Corporate Information:

The Founder promoter of our Company Mr. Gautam P. Sheth is in the business of Diamond since 2002. He along with his wife incorporated Company at Surat as "Gautam Gems Private Limited" on 18/02/2014 under the provisions of the Companies Act, 2013 vide certificate of incorporation issued by the Registrar of Companies, Gujarat, Dadra and Nagar Havelli. Subsequently the company was converted into a Public Limited Company vide fresh certificate of incorporation dated 16th August, 2017 and the name was changed to "Gautam Gems Limited"

Our company has been principally incorporated as Manufacturer and Trader of rough and polished diamonds. Our registered and corporate office is located in Surat, which is the diamond hub of India. We sell diamonds of multiple category, shape, cut, size and color. The range of diamonds we manufacture and trade in purely depends on the demand and supply of diamonds in the local markets. Primarily, Round Brilliant and All Fancy shape, 0.18 cts upto15.00 cts Size and D to N color with all type of Fancy color kind of diamonds is demanded by our customers. Since our business is strongly driven by customer demand, we maintain a high/low stock with at our office or factory.

In order to compete in the diamond market, we have created and maintained an independent sales and distribution network for our products within the Domestic markets. Further to ensure customer satisfaction, quality supply of diamonds, timely delivery of orders and purchase-sale of authentic diamonds, we deal with our suppliers and customers on mutually agreed terms. Further, we have developed and maintained long-term and stable relationships with our key suppliers and our key customers although we have not entered into any formal contracts with either of them.

Our promoters, Mr. Gautam P. Sheth and Nidhi G. Sheth have 18 years and 10 years of experience in diamond business, respectively.

II. Basis of Preparation:

The Restated Summary Statements of Assets and Liabilities of the Company for the period ended March 31, 2022, 2021, 2020 and 2019 and the related Restated Summary Statements of Profits and Losses and Cash Flows Statement for the period ended March 31, 2022, 2021, 2020 and 2019 have been complied by management from the financial statements of the company for the period ended March 31, 2022, 2021, 2020 and 2019.

“The financial statements are prepared and presented under the historical cost convention and evaluated on a going-concern basis using the accrual system of accounting in accordance with applicable Indian Accounting Standards and the requirements of the notified sections, schedules and rules of the Companies Act 2013.”

The presentation of financial statements requires estimates and assumption to be made that affect the reported amount of assets and Liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which results are known/ materialized."

III. Significant Accounting Policies:

(a) Use of Estimates:

The financial statements are prepared and presented under the historical cost convention and evaluated on a going-concern basis using the accrual system of accounting in accordance with applicable Indian Accounting Standards and the requirements of the notified sections, schedules and rules of the Companies Act 2013.

(b) Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reported period.

(c) Cash and cash equivalents:

Cash comprises cash on hand and demand deposit with banks. Cash equivalents are short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into loan amounts of cash and which are subject to insignificant risk of changes in values.

(d) Fixed Assets:

Fixed Assets (Property, Plant and Equipment) are stated at cost of acquisition or construction less accumulated depreciation and impairment loss, if any. The cost of an asset comprises of its purchase price and any directly attributable cost of bringing the assets to working condition for its intended use. Expenditure on additions, improvements and renewals is capitalized and expenditure for maintenance and repairs is charged to profit and loss account.

(e) Depreciation and Amortization:

Depreciation on tangible fixed assets is provided on WDV method in accordance with the provisions of the Income Tax Act, 1961 and on additions / disposals during the year, on pro-rata basis.

(f) Impairment:

The carrying amounts of property, plant & equipment are reviewed at each balance sheet date to determine, if there is any indication of impairment based on external/internal factors. An impairment loss is recognized wherever the carrying amount of the property, plant & equipment exceeds its recoverable amount which represents greater of the "net selling price" and "value in use" of the respective assets. The impairment loss recognized in prior accounting period is reversed if there has been an improvement in recoverable amount.

(g) Revenue Recognition:

- Revenue is recognized to the extent that it is probable that the economics benefit will flow to the company, there is reasonable certainty of collection and it can be reliable estimated.

- Other items of revenue recognized are in accordance with the Accounting Standard issued by the Institute of Chartered Accountant of India.

(h) Segment Reporting:

As the Company's principle business activities fall within the single segment viz Gems or Diamonds, the disclosure requirement is not applicable.

(i) Inventories

Items of Inventories are measured at lower cost and net realizable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase, cost of conversion and other cost including manufacturing overheads incurred in bringing them to their respective present location and condition. Cost of raw materials, process chemicals, stores and spare, packing materials, trading and other products are determined on weighted average basis by- Products are valued at net realizable value.

(j) Foreign Currency Transactions:

There is no foreign currency transactions in the company.

(k) Investments:

Company do not made any investments.

(l) Borrowing Cost:

Borrowing costs that are directly attributable to and incurred on acquiring qualifying assets (assets that necessarily takes a substantial Year of time for its intended use) are capitalized. Other borrowing costs are recognized as expenses in the period in which same are incurred.

(m) Employee Benefits:

The company is not liable to contributes on a defined contribution basis to employee's provident fund and employee's family pension fund towards post employment benefits.

The gratuity act is not applicable to the company.

The employees of the company are entitled to leave as per rules and regulations. However there is no unutilized leave and hence no actual actuarial valuation is carried out.

(n) Taxation:

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the Company.

Deferred Tax assets or liabilities are recognized for further tax consequence attributable to timing difference between taxable income and accounting income that are measured at relevant enacted tax rates and in accordance with Accounting Standard issued by ICAI.

(o) Provisions and Contingent Assets/ (Liabilities):

Provisions are recognized when the company has an obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the best estimate of expenditure, that is required to settle the present obligation at the balance sheet date and are not discounted to its present value.

Contingent liability is a possible obligation that arises from past events whose existence will be confirmed by occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognized or disclosed in the financial statements.

(Rs. In Lakhs)

Particulars	March 31,			
	2022	2021	2020	2019
Claim against company not acknowledge as debts	-	-	-	-
in respect of Income Tax	-	-	-	-
in respect of Commercial Tax	-	-	-	-
Total	-	-	-	-

(p) Earnings per share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

(q) Impairment of Assets:

The Company evaluates all its assets for assessing any impairment and accordingly recognizes the impairment, wherever applicable.

IV. Changes Accounting Policies In The Years/Periods Covered In The Restated Financial

There is no change in significant accounting policies during the reporting period except, as and when Accounting Standards issued by the Institute of Chartered Accountants of India made applicable on the relevant dates.

V. Notes To Reconciliation Of Restated Profit

The reconciliation of Profit after tax as per audited results and the Profit after tax as per Restated Accounts is presented below. This summarizes the results of restatements made in the audited accounts for the respective years and its impact on the profit & losses of the company.

The reconciliation of Profit after tax as per audited results and the Profit after tax as per Restated Accounts is presented below. This summarizes the results of restatements made in the audited accounts for the respective years and its impact on the profit & losses of the company.

(Rs. In Lakhs)

Particulars	31st March, 2022	31st March, 2021	31st March, 2020	31st March, 2019
Profit after tax before appropriation (as per Audited accounts)	**52.08**	**34.08**	**57.36**	**17.73**
Adjustments				
Provision for Gratuity	-	-	-	-
Deferred Tax	-	-	-	-
Prior Period	-	-	-	-
Extra-Ordinary Item	-	-	-	-
Profit after Tax as per Restated Profit & Loss Account	**52.08**	**34.08**	**57.36**	**17.73**

VI. Other Notes to Accounts

a) The company has not received any intimation from supplier regarding their status under micro, small and medium enterprises development Act, 2006 and hence disclosure, if any, in relation to amount unpaid as at the period end together with interest payable as required under the said Act have not furnished.

b) The Management has confirmed that adequate provisions have been made for all the known and determined liabilities and the same is not in excess of the amounts reasonably required.

c) There is no Auditor's Qualification in any of the audited Financial Statements as at and for the periods ended March 2022, 2021, 2020, 2019.

d) Related Party Transactions: The details of Related Party Transactions as per Accounting Standard -18 are provided in Annexure 27.

e) The Company is not having earning / Expenditure in Foreign Currency in the last Financial Year.

f) The Company has not given any guarantee to bank or corporate and the Company is no having any contingent liability.

g) The figures in the Restated Financial Statements and Other Financial Information are stated in Lakhs and rounded off to two decimals and minor rounding off difference is ignored.

h) There is no adjustment required to be made to the profit or loss for complying with ICDS notified u/s 145(2).

ANNEXURE 04.1

ADJUSTMENTS MADE IN RESTATED FINANCIAL STATEMENTS / REGROUPING NOTES

(i) Adjustments having no impact on Profit

Material Regrouping

Appropriate adjustments have been made in the restated summary statements, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the groupings as per the audited financial statements of the Company, prepared in accordance with Schedule III and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2018 (as amended).

ANNEXURE 05

SHARE CAPITAL AND RESERVES & SURPLUS

STATEMENT OF DETAILS OF SHARE CAPITAL, AS RESTATED

(Rs. In Lakhs)

Particulars	31st March, 2022	31st March, 2021	31st March, 2020	31st March, 2019
Equity Share Capital - Paid up				
At the Beginning of the period	1006.71	549.11	549.11	549.11
Add:				
Allotment during the year	-	-	-	-
Bonus Issue	-	457.60	-	-
Convert from Pref. to Equity Shares	-	-	-	-
Sub Total - O\S at end of period	**1006.71**	**1006.71**	**549.11**	**549.11**
Preference Shares				
Opening Capital	-	-	-	-
Add: Allotment	-	-	-	-
Less : Convert In to Equity Shares	-	-	-	-
Sub Total - Preference Shares	**-**	**-**	**-**	**-**
Total	**1006.71**	**1006.71**	**549.11**	**549.11**

STATEMENT OF DETAILS OF RESERVES & SURPLUS, AS RESTATED

(Rs. In Lakhs)

Particulars	31st March, 2022	31st March, 2021	31st March, 2020	31st March, 2019
A. Surplus				
Opening balance	117.21	83.13	26.68	8.09
Add: Addition during the year				
Net profit/(Net loss) for the current year	52.08	34.08	57.36	17.73
Other Adjustments	(11.91)	-	(0.91)	0.86
Miscellaneous: Other Income	-	-	-	-

Particulars	31st March, 2022	31st March, 2021	31st March, 2020	31st March, 2019
Less : Issue of Bonus shares	-	-	-	-
Sub Total – Surplus	**157.38**	**117.21**	**83.13**	**26.68**
B. Revaluation Reserves				
Opening balance	15.88	15.88	15.88	20.69
Less : Utilized	-	-	-	4.81
Sub Total – Reserves	**15.88**	**15.88**	**15.88**	**15.88**
C. Securities Premium				
Opening Balance	250.29	707.89	707.89	707.89
Add: Share Premium on Issue of Equity Shares	-	-	-	-
Less : Utilized for issue of bonus shares	-	457.59	-	-
Sub Total - Share Premium	**250.29**	**250.30**	**707.89**	**707.89**
Total	**423.57**	**383.39**	**806.90**	**750.45**

ANNEXURE 06

STATEMENT OF DETAILS OF DEFERRED TAX LIABILITIES (NET)

(Rs. In Lakhs)

Particulars	31st March, 2022	31st March, 2021	31st March, 2020	31st March, 2019
Net Deferred Tax Liabilities	7.83	5.19	5.19	2.59
Total	**7.83**	**5.19**	**5.19**	**2.59**

ANNEXURE 07

STATEMENT OF DETAILS OF SHORT TERM BORROWINGS

(Rs. In Lakhs)

Particulars	31st March, 2022	31st March, 2021	31st March, 2020	31st March, 2019
Loan From Bank	326.22	338.11	-	-
Borrowings from Directors and Others	488.77	249.68	69.70	14.68
Current Maturities of Long term Debt	-	-	-	-
Total	**814.99**	**587.79**	**69.70**	**14.68**

ANNEXURE 08

STATEMENT OF TRADE PAYABLE

(Rs. In Lakhs)

Particulars	31st March, 2022	31st March, 2021	31st March, 2020	31st March, 2019
Trade Payable - Creditors	2672.40	1733.98	79.46	137.62
Total	**2672.40**	**1733.98**	**79.46**	**137.62**

ANNEXURE 09

STATEMENT OF CURRENT LIABILITIES

(Rs. In Lakhs)

Particulars	31st March, 2022	31stMarch, 2021	31st March, 2020	31st March, 2019
Employee Related Payables	-	-	-	-
Statutory Dues				
TDS Payable	-	-	1.07	-
Other Payables	-	-	-	-
Other Current Liability- Sub Total	**-**	**-**	**1.07**	**-**

ANNEXURE 10

STATEMENT OF SHORT TERM PROVISIONS

(Rs. In Lakhs)

Particulars	31st March, 2022	31st March, 2021	31st March, 2020	31st March, 2019
Provision for Employee Benefits	6.68	2.03	1.55	1.55
TDS Payable	5.67	1.40	-	-
TCS Payable	4.75	3.76	-	-
Audit Fees Payable	1.08	1.18	0.90	0.60
Provision for Tax	7.62	-	15.00	5.10
Other Provisions	0.53	-	-	-
Total		**8.37**	**17.45**	**7.25**

ANNEXURE 11

STATEMENT OF FIXED ASSETS AS RESTATED

(Rs. In Lakhs)

Particulars	31st March, 2022	31st March, 2021	31st March, 2020	31st March, 2019
Vehicles				
Gross Block				
Opening balance	20.57	20.57	20.57	20.57
Addition during the year		-	-	-
Reduction during the year		-	-	-
Closing balance (GB)	**20.57**	**20.57**	**20.57**	**20.57**
Depreciation Block				
Opening balance	8.54	6.41	3.91	1.95
Depreciation during the year	4.73	2.13	2.50	1.95
Depreciation Deduction during the year		-	-	-
Closing balance (DB)	**13.27**	**8.54**	**6.41**	**3.90**
Net WDV – V	**7.30**	**12.03**	**14.16**	**16.67**
Furniture				
Gross Block				
Opening balance	4.65	4.65	4.65	4.65

Particulars	31st March, 2022	31st March, 2021	31st March, 2020	31st March, 2019
Addition during the year	-	-	-	-
Reduction during the year	-	-	-	-
Closing balance (GB)	**4.65**	**4.65**	**4.65**	**4.65**
Depreciation Block				
Opening balance	1.59	1.25	0.88	0.44
Depreciation during the year	0.79	0.34	0.37	0.44
Closing balance (DB)	**2.38**	**1.59**	**1.25**	**0.88**
Net WDV – F	**2.27**	**3.06**	**3.40**	**3.77**
Computer				
Gross Block				
Opening balance	13.11	13.11	13.11	13.11
Addition during the year	1.72	-	-	-
Reduction during the year		-	-	-
Closing balance (GB)	**14.83**	**13.11**	**13.11**	**13.11**
Depreciation Block				
Opening balance	11.35	10.20	8.28	4.14
Depreciation during the year	2.01	1.15	1.92	4.14
Closing balance (DB)	**13.36**	**11.35**	**10.20**	**8.28**
Net WDV – C	**1.47**	**1.76**	**2.91**	**4.83**
Office Equipment				
Gross Block				
Opening balance	43.44	43.44	43.44	42.95
Addition during the year	3.33	-	-	0.49
Reduction during the year	-	-	-	-
Closing balance (GB)	**46.77**	**43.44**	**43.44**	**43.44**
Depreciation Block				
Opening balance	17.52	12.96	7.60	3.76
Depreciation during the year	7.57	4.56	5.36	3.84
Closing balance (DB)	**25.09**	**17.52**	**12.96**	**7.60**
Net WDV – E	**21.68**	**25.92**	**30.48**	**35.85**
Fixed Assets - Tangible Assets				
Gross Block	180.75	180.75	-	-
Depreciation Block	-	-	-	-
Net Assets Block- Tangible	**180.75**	**180.75**	**-**	**-**
Total Net Assets	**213.47**	**223.52**	**50.95**	**61.11**

ANNEXURE 12

STATEMENT OF INVENTORY

(Rs. In Lakhs)

Particulars	31st March, 2022	31st March, 2021	31st March, 2020	31st March, 2019
Raw Material	144.50	352.23	65.50	64.26
Finished goods	1320.33	1870.11	787.98	119.36
WIP	-	-	-	-
Total	**1464.83**	**2222.34**	**853.48**	**183.62**

ANNEXURE 13

STATEMENT OF DETAILS OF TRADE RECEIVABLES

(Rs. In Lakhs)

Particulars	31st March, 2022	31st March, 2021	31st March, 2020	31st March, 2019
Trade receivables outstanding for a period **more** than six months from the date they are due for payment & considered good	1542.90	-	-	-
Trade receivables outstanding for a period **less** than six months from the date they are due for payment & considered good	1632.49	1180.67	0.19	879.30
Advance to creditors	10.00	10.00	10.00	10.00
Total	**3185.39**	**1190.67**	**10.19**	**889.30**

ANNEXURE 14

STATEMENT OF CASH AND CASH EQUIVALENT

(Rs. In Lakhs)

Particulars	31st March, 2022	31st March, 2021	31st March, 2020	31st March, 2019
Bank Balance	29.81	0.97	58.17	5.26
Cash on Hand	9.73	10.46	11.64	45.01
Total	**39.54**	**11.43**	**69.81**	**50.27**

ANNEXURE 15

STATEMENT OF SHORT TERM LOANS

(Rs. In Lakhs)

Particulars	31st March, 2022	31st March, 2021	31st March, 2020	31st March, 2019
Other Loans and Advances	15.36	15.00	513.02	262.24
Total	**15.36**	**15.00**	**513.02**	**262.24**

ANNEXURE 16

STATEMENT OF OTHER CURRENT ASSETS

(Rs. In Lakhs)

Particulars	31st March, 2022	31st March, 2021	31st March, 2020	31st March, 2019
Misc. Expense (To the extent not written off)	14.34	19.90	9.60	10.14
Other Receivable	18.90	42.57	21.83	5.02
Total	**33.24**	**62.47**	**31.43**	**15.16**

ANNEXURE 17

STATEMENT OF REVENUE FROM OPERATIONS

(Rs. In Lakhs)

Particulars	31st March, 2022	31st March, 2021	31st March, 2020	31st March, 2019
REVENUE FROM OPERATION				
Sale of Products	18006.01	9357.61	32817.04	4372.82
Total	**18006.01**	**9357.61**	**32817.04**	**4372.82**

ANNEXURE 18

STATEMENT OF OTHER INCOME

(Rs. In Lakhs)

Particulars	31st March, 2022	31st March, 2021	31st March, 2020	31st March, 2019
Labour Income	-	24.18	42.36	-
Other Misc. Income	14.15	-	18.71	-
Total	**14.15**	**24.18**	**61.07**	-

ANNEXURE 19

STATEMENT OF PURCHASE OF STOCK-IN-TRADE

(Rs. In Lakhs)

Particulars	31st March, 2022	31st March, 2021	31st March, 2020	31st March, 2019
Purchases	16951.55	10580.69	33313.49	4102.69
Stores Spares & Materials	0.77	0.24	0.59	-
Other Direct Expenses	96.98	64.38	85.00	-
Total	**17049.30**	**10645.31**	**33399.08**	**4102.69**

ANNEXURE 20

STATEMENT OF CHANGES IN INVENTORIES

(Rs. In Lakhs)

Particulars	31st March, 2022	31st March, 2021	31st March, 2020	31st March, 2019
Opening Stock	2222.34	853.48	183.62	374.26
Closing Stock	1464.83	2222.34	853.48	183.62

Total	757.51	(1368.86)	(669.85)	190.64

ANNEXURE 21

STATEMENT OF EMPLOYEE BENEFIT EXPENSES

(Rs. In Lakhs)

Particulars	31st March, 2022	31st March, 2021	31st March, 2020	31st March, 2019
Salaries Expenses	74.77	18.23	28.02	26.90
Director's Remuneration	5.00	5.00	5.00	5.00
Total	**79.77**	**23.23**	**33.02**	**31.90**

ANNEXURE 22

STATEMENT OF FINANCE COST

(Rs. In Lakhs)

Particulars	31st March, 2022	31st March, 2021	31st March, 2020	31st March, 2019
Bank Charges	0.14	0.31	0.26	0.24
Interest Expenses	28.29	5.21	-	-
Total	**28.43**	**5.52**	**0.26**	**0.24**

ANNEXURE 23

STATEMENT OF OTHER EXPENSES

(Rs. In Lakhs)

Particulars	31st March, 2022	31st March, 2021	31st March, 2020	31st March, 2019
Computer Expense	0.27	0.04	0.23	0.08
Electricity Expense	2.07	1.78	1.73	2.01
Legal & Professional Fees	0.05	7.00	7.73	0.27
Office Expense	0.81	0.51	2.30	1.25
Payment to Auditors	0.40	0.35	0.30	0.30
Postage & Courier	0.90	0.65	1.83	0.64
Printing & Stationery	0.14	0.19	0.62	0.38
Rent, Rates & Taxes	0.00	0.75	3.45	1.20
Repair & Maintenance	0.82	0.55	0.90	0.98
Other Expenses	5.25	13.45	7.45	5.12
Travelling & Conveyance	0.63	0.87	3.41	1.52
Written Off Amount	5.57	0.90	0.54	3.25
Total	**16.91**	**27.04**	**30.49**	**17.00**

ANNEXURE 24

STATEMENT OF DIVIDEND

(Rs. In Lakhs)

Particulars	31st March, 2022	31st March, 2021	31st March, 2020	31st March, 2019
On Equity Shares				
Fully Paid up Share Capital (Rs. In Lakhs)	1006.71	1006.71	549.11	549.11
Face Value (In Rs.)	10	10	10	10
Paid up value per share (In Rs.)	10	10	10	10

Particulars	31st March, 2022	31st March, 2021	31st March, 2020	31st March, 2019
Rate of Dividend	-	-	-	-
Total Dividend	-	-	-	-
Corporate Dividend tax on above	-	-	-	-

ANNEXURE 25

STATEMENT OF TAX SHELTERS

(Rs. In Lakhs)

Particulars	31st March, 2022	31st March, 2021	31st March, 2020	31st March, 2019
Profit before tax as per Restated P/L	73.14	41.37	74.95	24.79
Applicable Corporate Tax Rate(%)	25.17%	25.17%	25.17%	26.00%
MAT Tax Rates (%)	20.59%	20.59%	20.59%	19.24%
Adjustments				
Permanent Differences(B)				
Disallowed u/s 37	--	--	0.86	0.17
Profit/Loss on sale of Fixed Assets	--	--	--	--
Total Permanent Differences(B)	**--**	--	**0.86**	**0.17**
Income considered separately (C)				
Interest Income	--	--	--	--
Total Income considered separately (C)	--	--	--	--
Timing Differences (D)				
Difference between tax depreciation and book depreciation	8.15	0.80	0.95	6.18
Total Timing Differences (D)	**8.15**	**0.80**	**0.95**	**6.18**
Net Adjustments E = (B+C+D)	**8.15**	**0.80**	**1.81**	**6.35**
Tax Expense/(Saving) thereon				
Income chargeable under the head OTHER SOURCES (F)				
Other Income	--	--	--	--
Total Income chargeable under the head OTHER SOURCES (F)	--	--	--	--
Deduction under Chapter VI-A (G)	--	--	--	--
Total Deduction under Chapter VI-A (G)	--	--	--	--
Taxable Income/(Loss) (A+E+F+G)	81.29	42.17	76.76	18.80
Taxable Income/(Loss) as per MAT	NA	NA	NA	24.79
Income Tax as returned/computed	**20.46**	**10.61**	**19.32**	**4.89**

Particulars	31st March, 2022	31st March, 2021	31st March, 2020	31st March, 2019
Adjustment for Interest on income tax/ others	1.38	1.44	2.96	0.57
Total Current Tax Expenses	21.84	12.05	22.28	5.46
Tax paid as per normal or MAT	Normal	Normal	Normal	Normal

ANNEXURE 26

STATEMENT OF CONTINGENT LIABILITIES

(Rs. In Lakhs)

Particulars	31st March, 2022	31st March, 2021	31st March, 2020	31st March, 2019
Claim against company not acknowledge as debts				
in respect of Income Tax	-	-	-	-
in respect of Commercial Tax	-	-	-	-
Total	-	-	-	-

ANNEXURE 27

STATEMENT OF DETAILS OF RELATED PARTY TRANSACTIONS

(Rs. In Lakhs)

	Particulars	31st March, 2022	31st March, 2021	31st March, 2020	31st March, 2019
A	**REVENUE ITEMS:**				
1	**Salary paid – Directors /KMP**				
A	Gautam P. Sheth	3.00	3.00	3.00	3.00
B	Nidhi G. Sheth	2.00	2.00	2.00	2.00
2	**Labour Purchase**				
A	Gautam Gems – Proprietorship Firm of Director	33.58	58.96	-	-
B	**NON-REVENUE ITEMS :**				
1	**Unsecured Loan payable – Outstanding**				
A	Gautam P. Sheth	485.04	213.14	36.53	437.59
B	Nidhi G. Sheth	2.22	-	9.27	7.24
C	Kanchanben P. Sheth	-	-	6.00	6.00

ANNEXURE 28

OTHER FINANCIAL INFORMATION

STATEMENT OF ACCOUNTING RATIOS

(Rs. In Lakhs)

Particulars	31st March, 2022	31st March, 2021	31st March, 2020	31st March, 2019
Net worth (A)	1430.28	1390.10	1356.01	1299.57
Net Profit after Tax (B)	52.08	34.08	57.36	17.73
No. of Shares outstanding at the end [F.V. Rs.10] (C)	10067059	10067059	5491108	5491108
Weighted average number of shares outstanding [F.V. Rs.10] (D)	10067059	5491108	5491108	5491108
Bonus Shares (E)	-	4575951	-	-
Weighted average number of shares outstanding Post Bonus Shares [F.V. Rs.10] (F) (D+E)	10067059	10067059	5491108	5491108
Earnings per Share (EPS) (B/F) (Rs.)	0.52	0.34	1.04	0.32
Return on Net Worth (B/A) (%)	3.64%	2.45%	4.23%	1.36%
Net Assets Value per Share (A/C)	14.21	13.81	24.69	23.67

Definitions of key ratios:

I. **Earnings per Share (Rs.)**: Net profit attributable to equity shareholders / weighted average number of equity shares. Earnings per share calculations are done in accordance with Accounting Standard 20 "Earnings Per Share" as issued by The Institute of Chartered Accountants of India. As per AS-20, the number of equity shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event had occurred at the beginning of the earliest period reported.

II. **Return on Net Worth (%)**: Net Profit after tax / Net worth as at the end of the year / period

III. **Net Asset Value (Rs.)**: Net Worth at the end of the year / Number of equity shares outstanding at the end of the year / period

ANNEXURE 29

CAPITALIZATION STATEMENT

(Rs. In Lakhs)

Particulars	Pre Issue as on 31st March, 2022	Post Issue
Borrowing		
Short - Term Debt	814.99	339.99
Long - Term Debt	-	-
Total Debt	**814.99**	**339.99**
Shareholders' Funds		
Share Capital		
- Equity	1006.71	5033.53
Less: Calls - in – arrears	-	-
Share Application money	-	-
- Preference	-	-
Reserves & Surplus Including Premium	423.57	826.25
Total Shareholders' Funds	**1430.28**	**5859.78**
Long - Term Debt / Shareholders Fund	**-**	-
Short - Term Debt / Shareholders Fund	**0.57**	**0.06**

Notes:

1) The figures disclosed above are based on the restated summary statement of assets & Liabilities of the company.
2) The above statement should be read with the significant accounting policies and notes to restated summary, statements of the assets & liabilities, profit and losses and cash flows appearing in annexure 01, 02, 03 and 04.
3) Short term debts represent which are expected to be paid/ payable within 12 months and excludes installment of term loans repayable within 12 months.
4) Long term Debts represent debts other than Short Term Debts as defined above but includes installment of term loans repayable within 12 months grouped under other current liabilities.

ANNEXURE 30

STATEMENT OF FINANCIAL INDEBTEDNESS

Our Company has availed certain loans in the ordinary course of business for the purposes including, but not limited to meeting its working capital requirements and financing its capital expenditure. Our Company has made an application for obtaining an NOC and has obtain the NOC from the Principal Bankers.

Unless otherwise stated, the approvals and/or sanctions are valid as of the date of this Letter of Offer and incase the said approvals and/or sanctions have expired, we have either made an application for renewal or are in the process of making an application for renewal.

As on the date of filing of this Letter of Offer, the overall borrowings of our Company do not exceed the overall limit as specified under Section 180(1)(c) of the Companies Act, 2013.

Our Company utilizes various credit facilities from banks for conducting its business. Following is a summary of our Company's outstanding borrowings as on March 31, 2022:

(Rs. In Lakhs)

Category of Borrowings	Sanction Limit	Outstanding as on 31st March, 2022
Secured Borrowings	340.00	326.22
Unsecured Borrowings from others	-	-
Total	**340.00**	**326.22**

A) Secured Loans

Bank Name – ICICI BANK LIMITED	
Our Company has been sanctioned **100 Lac & 240 Lac** from ICICI Bank Limited vide their agreement no. 7728935294 & 7728932624 dated 31.12.2021 respectively. The terms and conditions of the Loan mentioned as below:	
Amount of Loan	100 Lac & 240 Lakhs
Currency	(Rs in Lakhs)
Nature of Facility	Loan against Property
Rate of Interest	8.50 %
Tenure	15 Year
Security	301, 304, 305, 306 Star Corner Complex, Palanpore Jakatnaka, Surat-395007
Penal Interest	Additional interest 2% per month plus applicable taxes if any
Balance as on 31-03-2022	326.22 Lakhs

Notes:

1) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.
2) The above statement should be read with the significant accounting policies and notes to restated summary, statements of assets and liabilities, profits and losses and cash flows appearing in Annexure's 01,02,03 and 04.

Details of Unsecured Loans:

Except as mentioned in "***Annexure 27: Statement of details of Related Party Transactions***" appearing on page 110 of this Letter of Offer, the Company does not have any other type of unsecured borrowings.

Gautam Gems Limited

Statutory Audit Report
F.Y. 2021-22

--: Auditors :--

Bhagat & Co.
(Chartered Accountants)
24,Laxmi Chambers,
Navjeevan Press Road,
Near Old High Court, Income Tax,
Ahmedabad- 380014

Independent Auditor's Report

To the Members of Gautam Gems Limited

Report on the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone financial statements of **Gautam Gems Limited**. ('the Company'), which comprise the Balance Sheet as at **31st March 2022**, the Statement of Profit and Loss (including other comprehensive income) and Cash Flow statement for the year then ended, and notes to financial Statement including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statement give the information required by the Companies Act, 2013("the Act") in the manner so required and give a true and fair view in conformity with the Companies (Indian Accounting Standards) Rules 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of state of affairs of the company as at **31st March 2022** and its profit (including other comprehensive income) and its cash flow for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing ("SA"s) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to be communicated in our report.

BHAGAT & CO. AHMEDABAD FRN127250W CHARTERED ACCOUNTANTS

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, including cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

BHAGAT & CO. AHMEDABAD FRN127250W CHARTERED ACCOUNTANTS

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BHAGAT & CO. AHMEDABAD FRN127250W CHARTERED ACCOUNTANTS

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report)Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we have given in the **Annexure A**, a statement on the matters specified in the paragraph 3 and 4 of the order.

2.

(A) As required by Section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on 31st March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2022 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the Internal Financial Controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**.

(B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

a. The Company does not have any pending litigation which would impact its financial position.

b. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

c. There were no amounts which are required to be transferred to the Investor Education and Protection Fund by the company.

d. (i) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(ii) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub- clause (d) (i) and (d) (ii) contain any material mis-statement.

e. The Company has neither declared nor paid any dividend during the year.

(C) With respect to the matters to be included in the Auditor's Report under section 197(16) of the Act:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

FOR, BHAGAT AND CO.
CHARTERED ACCOUNTANTS
FRN NO. 127250W

BHAGAT & CO. AHMEDABAD FRN127250W CHARTERED ACCOUNTANTS

Shankar Prasad Bhagat
(Partner)
M No: 052725
UDIN : 22052725AJTIEZ7470

Date:27/05/2022
Place: Ahmedabad

"Annexure - A "to the Independent Auditor's Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended **31st March 2022**, we report that:

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipments

(b) The Company has a regular program of physical verification of its Property, Plant and Equipments. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company. (This clause is not applicable to company, as there are no immovable property or any other property.)

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, plant and equipment (including Right-of-use assets) or Intangible assets or both during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made there under.

ii. (a) The company is dealing in the business of Gold and Diamond.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, The company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. Hence, reporting under clause 3(v) of the Order is not applicable.

iii. The Company has not granted any loans to bodies corporate covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.

v. The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.

vi. The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for any business activities carried out by the Company.

BHAGAT & CO. AHMEDABAD FRN127250W CHARTERED ACCOUNTANTS

vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the book of account in respect of undisputed statutory dues including goods and service tax, provident fund, income-tax, duty of customs, cess and other material statutory dues have been regularly deposited during the year by the company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise.

(b) According to the information and explanations given to us, there were no undisputed amounts payable in respect of Income-tax, goods and service tax and other material statutory dues in arrears were outstanding as at 31ST March,2022 for a period of more than six months from the date they became payable.

viii. Whether any transaction not recorded in the books of accounts have been surrendered or disclosed as income during the year in the tax assessment under the IT Act, 1961. There is no such kind of disclosure as explained by Management.

ix. Company has taken loans from ICICI Bank for business purpose. The company has not made any default in repayment of loan.

x. (a) The company did not raise any money by way of initial public offer or further public offer (including debt instruments).

(b) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xi. (a) According to the information and explanations given to us, no material fraud by the Company or on the Company has been noticed or reported during the course of our audit.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) The company has not been received whistle-blower complaints during the year. Hence this sub clause is not applicable.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii. According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with the sections 177 and 188 of the Act. Where applicable, the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. According to the information and explanations given to us, The Company has Internal Audit System commensurate with size and its business.

BHAGAT & CO. AHMEDABAD FRN : 127250W CHARTERED ACCOUNTANTS

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, all sub clauses of paragraph 3(xvi) of the Order is not applicable.

xvii. The Company has not incurred cash losses in the financial year and the immediately preceding financial year.

xviii. There has been resignation of the statutory auditors during the year and the auditor has taken into consideration the issues, objections or concerns raised by the outgoing auditors.

xix. The Company is in position to meet all liabilities at the balance sheet date.

xx. This clause is not applicable.

xxi. This clause is not applicable

FOR, BHAGAT AND CO.
CHARTERED ACCOUNTANTS
FRN NO. 127250W

BHAGAT & CO. AHMEDABAD FRN : 127250W CHARTERED ACCOUNTANTS

Shankar Prasad Bhagat
(Partner)
M No: 052725
UDIN : 22052725AJTIEZ7470

Date:27/05/2022
Place: Ahmedabad

ANNEXURE B TO THE AUDITOR'S REPORT

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of **Gautam Gems Limited**('the Company') as of **31st March 2022** in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

BHAGAT & CO. AHMEDABAD FRN127250W CHARTERED ACCOUNTANTS

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of the management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at **31st March 2022,** based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

FOR, BHAGAT AND CO.
CHARTERED ACCOUNTANTS
FRN NO. 127250W

BHAGAT & CO. AHMEDABAD FRN127250W CHARTERED ACCOUNTANTS

Shankar Prasad Bhagat
(Partner)
M No: 052725
UDIN : 22052725AJTIEZ7470

Date:27/05/2022
Place: Ahmedabad

Gautam Gems Limited

Statement of Assets & Liabilities as at 31.03.2022

Particulars	Note No.	2022	2021
ASSETS			
(1) Non-Current Assets			
(i) Property, Plant And Equipment	1	21,347,005	22,351,936
(ii) Intangible Assets		-	-
(iii) Capital Work in Progress		-	-
(iv) Intangible assets under development		-	-
Non-Current Financial Assets			
(a) Non-Current Investments		-	-
(b) Trade Receivables, Non-Current		-	-
(c) Loans, Non-Current		-	-
(d) Other Non-Current Financial Assets		-	-
Deffered tax assets (net)		-	-
Total Non Current Assets		**21,347,005**	**22,351,936**
(2) Current Assets			
Inventories		146,482,644	222,233,591
Current Financial Assets			
(a) Current investments		-	-
(b) Trade receivables	2	318,538,979	119,066,992
(c) Cash and cash equivalents	3	3,954,463	1,142,500
(d) Bank Balance other than Cash and cash equivalents		-	-
(e) Loans, Current		1,535,600	1,500,000
(f) Other Current Financial Assets		-	-
Total Current Financial Assets		**324,029,042**	**121,709,492**
Current Tax Assets (net)		-	-
Other Current Assets	4	3,324,184	6,247,749
Total Current Assets		**473,835,869**	**350,190,832**
Total Assets		495,182,875	372,542,770
EQUITY AND LIABILITIES			
(1) Equity			
Equity Share Capital	5	100,670,590	100,670,590
Other Equity	6	42,356,603	38,339,123
Total Equity		**143,027,193**	**139,009,713**
(2) Liabilities			
Non-Current Liabilities			
Non-Current Financial Liabilities			
(a) Borrowings , non current		-	-
(b) Trade Payables , non current		-	-
(c) Other non current financial liabilities		-	-
Total Non-Current Financial Liabilities		-	-
Provision, non current		-	-
Deffered tax liabilities (net)		783,326	518,882
Other non current liabilities		-	-
Total Non-Current Liabilities		**783,326**	**518,882**
Current Liabilities			
Current Financial Liabilities			
(a) Borrowings , current	7	81,498,614	58,778,614
(b) Trade Payables , current			
(i) Total Outstanding dues of Micro Enterprises and Small Enterprises		-	-
(ii) Total Outstanding dues of creditors other than Micro and Small Enterprises	8	267,240,475	173,398,252
(c) Other current financial liabilities		-	-
Total Current Financial Liabilities		**348,739,089**	**232,176,866**
Other Current liabilities		-	-
Provision, current	9	2,633,268	837,309
Current tax liabilities (net)		-	-
Total Current Liabilities		**351,372,357**	**233,014,175**
Total Liabilities		**352,155,683**	**233,533,057**
Total Equity and Liabilities		495,182,875	372,542,770

NOTES TO ACCOUNTS 17

Notes attached there to form an integral part of Statement of Assets & Liabilities

As per Report of Even Date

FOR , BHAGAT & Co.
CHARTERED ACCOUNTANTS
FRN No. 127250W

BHAGAT & CO. AHMEDABAD FRN127250W CHARTERED ACCOUNTANTS

Shankar Prasad Bhagat
(Partner)
Mem. No. : 052725
UDIN :22052725AJTIEZ7470

Place : Ahmedabad
Date : 27/05/2022

For, Gautam Gems Limited

Gautam P. Sheth	Nidhi G. Sheth
(Managing Director)	**(Whole Time Director)**
DIN : 06748854	**DIN : 06748877**
Anil Modhavadiya	**Samir L Shah**
(Company Secretary)	**(CFO)**

GAUTAM GEMS LIMITED SURAT

Gautam Gems Limited

Statement of Profit & Loss for the Period Ended on 31.03.2022

Sr. No.	Particulars	Note No.	Year ended March 31, 2022	Year ended March 31, 2021
	Income			
I	Revenue from operations	10	1,800,601,027	935,761,148
II	Other Income		1,415,107	2,418,309
III	*Total Income (I +II)*		1,802,016,134	938,179,457
IV	**Expenses**			
	Cost of materials consumed	11	1,704,929,537	1,064,531,680
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	12	75,750,947	(136,885,944)
	Employee Benefit Expense	13	7,976,797	2,322,500
	Financial Costs	14	2,842,570	551,793
	Depreciation and Amortization Expense	15	1,510,210	817,885
	Other Expenses	16	1,691,081	2,704,362
	Total Expenses (IV)		1,794,701,142	934,042,276
V	Profit before exceptional items and tax	(III - IV)	7,314,992	4,137,181
VI	Exceptional Items		-	-
VII	Profit before tax (V - VI)		7,314,992	4,137,181
VIII	***Tax expense:***			
	(1) Current tax		1,842,000	-
	(1) Earlier tax		-	728,640
	(2) Deferred tax		264,444	-
IX	Profit(Loss) from the perid from continuing operations	(VII-VIII)	5,208,548	3,408,541
X	Profit/(Loss) from discontinuing operations before tax		-	-
XI	Tax expense of discounting operations		-	-
XII	Profit/(Loss) from Discontinuing operations (X-XI)		-	-
XIII	Profit/(Loss) for the period (IX + XII)		5,208,548	3,408,541
XIV	Other Comprehensive Income net of tax		-	-
XV	**Total Comprehensive Income for the year**		5,208,548	3,408,541
XVI	**Details of equity share capital**			
	Paid up equity share capital		100,670,590	100,670,590
	Face value of equity share capital		10/-	10/-
XVII	**Earning per share:**			
	Earning per equity share for continuing operations			
	(1) Basic earnings (loss) per share from continuing operations		0.52	0.34
	(2) Diluted earnings (loss) per share from continuing operations		0.52	0.34
	Earning per equity share for discontinued operations			
	(1) Basic earnings (loss) per share from discontinued operations		-	-
	(2) Diluted earnings (loss) per share from discontinued operations		-	-
	Earning per equity share:			
	(1) Basic earnings (loss) per share from continuing and discontinued operations		0.52	0.34
	(2) Diluted earnings (loss) per share from continuing and discontinued operations		0.52	0.34

NOTES TO ACCOUNTS 17

Schedules referred to above and notes attached there to form an integral part of Profit & Loss Statement

As per Report Of Even Date

FOR , BHAGAT & Co.
CHARTERED ACCOUNTANTS
FRN No. 127250W

Shankar Prasad Bhagat
(Partner)
Mem. No. : 052725
UDIN :22052725AJTIEZ7470

Place: Ahmedabad
Date : 27/05/2022

BHAGAT & CO. AHMEDABAD FRN127250W CHARTERED ACCOUNTANTS

GAUTAM GEMS LIMITED SURAT

For, Gautam Gems Limited

Gautam P. Sheth
(Managing Director)
DIN : 06748854

Nidhi G. Sheth
(Whole Time Director)
DIN : 06748877

Anil Modhavadiya
(Company Secretary)

Samir L Shah
(CFO)

Gautam Gems Limited

Cash Flow Statement For The Year Ended 31.03.2022

PARTICULARS	AS AT 31.03.2022	AS AT 31.03.2021
A. Cash Flow from Operating Activity		
Profit before Taxation	7,314,992	4,137,181
Add : Non Cash & Non Operating Expenses		
Depreciation Expense	1,510,210	817,885
Finance Cost	2,842,570	551,793
Other Income	(1,415,107)	(2,418,309)
Operating Profit before Working Capital Changes	10,252,665	3,088,550
Adjustment for;		
(Increase) / Decrease in Inventory	75,750,947	(136,885,944)
(Increase) / Decrease in Debtors	(199,471,987)	(118,047,638)
(Increase) / Decrease in Loans & Advances	(35,600)	49,802,720
(Increase) / Decrease in Current Assets	2,923,565	(3,104,850)
(Increase) / Decrease in Short Term Borrowings	22,720,000	51,808,299
Increase / (Decrease) in Current Liabilities	-	-
Increase / (Decrease) in Trade Payables	93,842,223	165,451,909
Increase / (Decrease) in Provisions	1,795,959	(1,014,589)
Cash Generated from Operation	7,777,772	11,098,457
Taxes Paid	3,033,068	728,640
Net Cash Flow from Operating Activities	4,744,704	10,369,817
B. Cash Flow from Investing Activity		
(Increase) / Decrease in Fixed Assets (net)	(505,279)	(18,075,110)
(Increase) / Decrease in Investments & Accured Interest Thereon	-	-
Finance Cost	(2,842,570)	(551,793)
Other Income	1,415,107	2,418,309
Net Cash Flow from Investing Activities	(1,932,742)	(16,208,594)
C. Cash Flow from Financing Activity		
Proceeds from Issue of Shares	-	45,759,510
Proceeds from Securities Premium	-	(45,759,510)
Adjustments in Reserves and Surplus	-	-
Net Cash Flow from Financing Activities	-	-
Net Increase / (Decrease) in Cash & Cash Equivalents	**2,811,963**	**(5,838,776)**
Opening Balance of Cash & Cash Equivalents	1,142,500	6,981,276
Closing Balance of Cash & Cash Equivalents	3,954,463	1,142,500
Net Increase / (Decrease) in Cash & Cash Equivalents	**2,811,963**	**(5,838,776)**

FOR , BHAGAT & Co.
Chartered Accountants
FRN No. 144251W

BHAGAT & CO. AHMEDABAD FRN127250W CHARTERED ACCOUNTANTS

Shankar Prasad Bhagat
(Partner)
Mem. No. : 052725
UDIN :22052725AJTIEZ7470
Place : Ahmedabad
Date : 27/05/2022

For, Gautam Gems Limited

GAUTAM GEMS LIMITED SURAT

Gautam P. Sheth
(Managing Director)
DIN : 06748854

Nidhi G. Sheth
(Whole Time Director)
DIN : 06748877

Anil Modhavadiya
(Company Secretary)

Samir L Shah
(CFO)

Gautam Gems Limited

Notes Forming Integral Part of the Assets & Liabilities as at 31.03.2022

Amount in `

Note : 1 Property , Plant & Equipments

Sr. No	Particulars	Gross Block				Depreciaton				Net Block	
		Value at the beginning	*Addition during the year*	*Deduction during the year*	*Value at the end*	*Value at the beginning*	*Addition during the year*	*Deduction during the year*	*Value at the end*	*WDV as on 31.03.2022*	*WDV as on 31.03.2021*
A	**Tangible Assets**										
1	AC (Ifb + O General)	356,920	0	0	356,920	188,763	43,536	0	232,299	124,621	168,157
2	Car Skoda Fabia	203,119	0	0	203,119	84,248	46,716	0	130,964	72,155	118,871
3	Car Toyota Fortuna	1,848,571	0	0	1,848,571	766,740	425,160	0	1,191,900	656,671	1,081,831
4	Compuer Software Sarin Machine	1,128,589	111,000	0	1,239,589	979,643	145,866	0	1,125,509	114,080	148,946
5	Computer	174,448	50,000	0	224,448	151,425	46,121	0	197,546	26,902	23,023
6	Furniture	465,322	0	0	465,322	160,025	79,041	0	239,066	226,256	305,297
7	Machinery (Ghanti)	105,000	130,000	0	235,000	38,741	50,811	0	89,552	145,448	66,259
8	Machinery (Russian Brutter)	189,000	195,000	0	384,000	69,736	81,363	0	151,099	232,901	119,264
9	Metalar Weight (Kanti)	5,965	0	0	5,965	2,475	904	0	3,379	2,586	3,490
10	Microscope	466,592	0	0	466,592	172,157	76,229	0	248,386	218,206	294,435
11	Mobile Phone Instrument	13,677	8,262	0	21,939	7,551	3,725	0	11,276	10,663	6,126
12	Printer Canon 4350 D	5,756	11,017	0	16,773	3,178	8,587	0	11,765	5,008	2,578
13	Printer HP4500	2,639	0	0	2,639	1,940	441	0	2,381	258	699
14	Safe (Godrej)	25,827	0	0	25,827	7,558	4,730	0	12,288	13,539	18,269
15	Sarin Diamark Z Machine	2,266,759	0	0	2,266,759	836,363	370,330	0	1,206,693	1,060,066	1,430,396
16	Sarin Dia Mention (Hardware)	246,428	0	0	246,428	181,157	16,899	0	198,056	48,372	65,271
17	Sarin I Machine	661,742	0	0	661,742	244,162	108,111	0	352,273	309,469	417,580
18	T V	6,489	0	0	6,489	3,582	753	0	4,335	2,154	2,907
19	Star Corner 301	5,213,470	0	0	5,213,470	0	0	0	0	5,213,470	5,213,470
20	Star Corner 304	4,465,560	0	0	4,465,560	0	0	0	0	4,465,560	4,465,560
21	Star Corner 305	4,230,900	0	0	4,230,900	0	0	0	0	4,230,900	4,230,900
22	Star Corner 306	4,165,180	0	0	4,165,180	0	0	0	0	4,165,180	4,165,180
23	Vehical-2 Wheeler	5,855	0	0	5,855	2,428	887	0	3,315	2,540	3,427
	TOTAL	26,253,808	505,279	0	26,759,087	3,901,872	1,510,210	0	5,412,082	21,347,005	22,351,936

BHAGAT & CO. AHMEDABAD FRN127250W CHARTERED ACCOUNTANTS

GAUTAM GEMS LIMITED SURAT

Gautam Gems Limited

Notes Forming Integral Part of the Assets & Liabilities as at 31.03.2022

Note: 2 Trade Receivables ageing schedule

Sr. No	Particulars	2022	2021
	Outstanding for following periods from the Due Date		
(A)	**less than 6 Months**		
(i)	Undisputed Trade receivables- considered Good	163,249,022	34,661,645
(ii)	Undisputed Trade Receivables-Considered Doubtful	-	-
(iii)	Disputed Trade Receivables considered Good	-	-
(iv)	Disputed Trade Receivables considered Doubtful		
	Sub Total in ` (A)	163,249,022	34,661,645
(B)	**6 Months to 1 Year**		
(i)	Undisputed Trade receivables- considered Good	72,091,126	22,533,038
(ii)	Undisputed Trade Receivables-Considered Doubtful	-	-
(iii)	Disputed Trade Receivables considered Good	-	-
(iv)	Disputed Trade Receivables considered Doubtful	-	-
	Sub Total in ` (B)	72,091,126	22,533,038
(C)	**1 Year to 2 Years**		
(i)	Undisputed Trade receivables- considered Good	23,398,800	1,072,278
(ii)	Undisputed Trade Receivables-Considered Doubtful	-	-
(iii)	Disputed Trade Receivables considered Good	-	-
(iv)	Disputed Trade Receivables considered Doubtful	-	-
	Sub Total in `(C)	23,398,800	1,072,278
(D)	**2 Years to 3 Years**		
(i)	Undisputed Trade receivables- considered Good	1,000,000	36,152,426
(ii)	Undisputed Trade Receivables-Considered Doubtful	-	-
(iii)	Disputed Trade Receivables considered Good	-	-
(iv)	Disputed Trade Receivables considered Doubtful	-	-
	Sub Total in `(D)	1,000,000	36,152,426
(E)	**More than 3 years**		
(i)	Undisputed Trade receivables- considered Good	58,800,031	24,647,605
(ii)	Undisputed Trade Receivables-Considered Doubtful	-	-
(iii)	Disputed Trade Receivables considered Good	-	-
(iv)	Disputed Trade Receivables considered Doubtful	-	-
	Sub Total in `(E)	58,800,031	24,647,605
	Total in ` { A+B+C+D+E}	318,538,979	119,066,992

Note : 3 Cash & Cash Equivalent

Sr. No.	Particulars	2022	2021
(A)	**Cash-in-Hand**		
1	Cash Balance	973,813	1,045,960
	Sub Total (A)	973,813	1,045,960
(B)	**Bank Balance**		
1	Indusind Bank	561,001	14,915
2	Axis Bank	387,645	14,384
3	Bank of India	-	2,411
4	Central Bank of India	10,589	11,829
5	ICICI Bank	10,958	51,623
6	Yes Bank	2,010,457	1,378
	Sub Total (B)	2,980,650	96,540
	Total in ` { A+B}	3,954,463	1,142,500

Note : 4 Other Current Assets

Sr. No.	Particulars	2022	2021
(A)	***Other Current Assets***		
1	Misc. Expense (To the extent not written off)	1,433,669	1,990,680
2	TCS Receivable	-	354,875
3	TDS Receivable	-	36,928
4	GST Receivable	1,890,515	3865271
	**Total in ` **	3,324,184	6,247,749

BHAGAT & CO. AHMEDABAD FRN127250W CHARTERED ACCOUNTANTS

GAUTAM GEMS LIMITED SURAT

Gautam Gems Limited

Notes Forming Integral Part of the Assets & Liabilities as at 31.03.2022

Statement of Changes in Equity

(A) Equity Share Capital

Particulars	2022	2021
Balance as at beginning of year	**10,06,70,590**	**5,49,11,080**
Changes in equity share capital due to prior period errors	-	-
Restated balance at the beginning of the reporting period	**10,06,70,590**	**5,49,11,080**
Changes in equity share capital during the year	-	4,57,59,510
Balance as at end of year	**10,06,70,590**	**10,06,70,590**

(B) Other Equity

Particulars	Reserves and Surplus			Total
	Securities Premium Reserve	Revaluation Reserve	Other Equity	
As at April 01, 2020	**7,07,88,870**	**15,88,585**	**83,12,637**	**8,06,90,092**
Profit for the year	-	-	34,08,541	34,08,541
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income for the year	-	-	34,08,541	34,08,541
Increase / Decrease in Securities Premium Reserve	**(4,57,59,510)**	-	-	**(4,57,59,510)**
Other Adjustments	-	-	-	-
As at March 31, 2021	**2,50,29,360**	**15,88,585**	**1,17,21,178**	**3,83,39,123**
Profit for the year	-	-	52,08,548	52,08,548
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income for the year	-	-	52,08,548	52,08,548
Increase / Decrease in Securities Premium Reserve	-	-	-	-
Other Adjustments	-	-	(11,91,068)	(11,91,068)
As at March 31, 2022	**2,50,29,360**	**15,88,585**	**1,57,38,658**	**4,23,56,603**

Note : 5 Equity Share Capital

₹

Sr. No.	Particulars	2022	2021
(A)	AUTHORIZED CAPITAL		
1	1,00,70,000 Equity Shares of Rs. 10/- each	10,07,00,000	10,07,00,000
2	4,02,80,000 Equity Shares of Rs. 10/- each	40,28,00,000	-
		50,35,00,000	10,07,00,000
(B)	ISSUED , SUBSCRIBED & PAID UP CAPITAL		
	To the Subscribers of the Memorandum		
1	*5491108 Equity Shares of Rs.10/- each*	5,49,11,080	5,49,11,080
2	*4575951 Bonus Shares of Rs.10/- each*	4,57,59,510	4,57,59,510
	Total in ₹	10,06,70,590	10,06,70,590

Following Shareholders hold equity shares more than 5% of the total equity shares of the Company.

Sr. No.	SHARE HOLDER'S NAME	2022	2021
1	Gautam P. Sheth	18,48,870 18.37%	52,98,157 52.63%

Note : 6 Other Equity

₹ ₹

Sr. No.	Particulars	2022	2021
1	Capital Reserve	-	-
2	Capital Redemption Reserve	-	-
3	Securities Premium reserve	2,50,29,360	2,50,29,360
4	Debenture Redeemption Reserve	-	-
5	Revaluation Reserve	15,88,585	15,88,585
6	Shares Option Outstanding Account	-	-
7	Other Reserve (Special Reserve)	-	-
8	Surplus (Profit & Loss Account)	4,23,56,603	1,17,21,178
	Balance brought forward from previous year	1,17,21,178	83,12,637
	Less: Tax on Regular Assessment	11,91,068	-
	Add: Excess Provision Reversed	-	-
	Less: Adjustment of Earlier Period	-	-
	Less: Profit / (Loss) for the period	52,08,548	34,08,541
	Total in ₹	4,23,56,603	3,83,39,123

BHAGAT & CO. AHMEDABAD FRN: 127250W CHARTERED ACCOUNTANTS

GAUTAM GEMS LIMITED SURAT

Gautam Gems Limited

Notes Forming Integral Part of the Assets & Liabilities as at 31.03.2022

Note : 7 Borrowings , Current

Sr. No.	Particulars	2022 ₹	2021 ₹
(A)	***From Bank***		
1	ICICI Bank - 338	2,30,27,270	2,38,66,854
2	ICICI Bank - 474	95,94,699	99,44,523
(B)	***From Others***		
1	Gautam P. Sheth	4,85,04,644	2,49,67,237
2	Nidhi G. Sheth	2,22,001	-
3	Vishwarkarma	1,50,000	
	Total in ₹	8,14,98,614	5,87,78,614

Note: 8 Trade Payable ageing schedule

Sr. No	Particulars	2022 ₹	2021 ₹
	Outstanding for following periods from the Due Date		
(A)	**less than 1 Year**		
(i)	MSME(Undisputed)	-	-
(ii)	Others(Undisputed)	24,49,18,330	8,81,67,989
(iii)	Disputed Due - MSME	-	-
(iv)	Disputed Due - Others		
	Sub Total in ₹ (A)	24,49,18,330	8,81,67,989
(B)	**1 Year to 2 Years**		
(i)	MSME(Undisputed)	-	-
(ii)	Others(Undisputed)	1,93,64,829	8,50,94,187
(iii)	Disputed Due - MSME	-	-
(iv)	Disputed Due - Others	-	-
	Sub Total in ₹(B)	1,93,64,829	8,50,94,187
(C)	**2 Years to 3 Years**		
(i)	MSME(Undisputed)	-	-
(ii)	Others(Undisputed)	28,21,240	1,36,076
(iii)	Disputed Due - MSME	-	-
(iv)	Disputed Due - Others	-	-
	Sub Total in ₹(C)	28,21,240	1,36,076
(D)	**More than 3 years**		
(i)	MSME(Undisputed)	-	-
(ii)	Others(Undisputed)	1,36,076	-
(iii)	Disputed Due - MSME	-	-
(iv)	Disputed Due - Others	-	-
	Sub Total in ₹(D)	1,36,076	-
	Total in ₹ { A+B+C+D}	26,72,40,475	17,33,98,252

Note : 9 Provisions, Current

Sr. No.	Particulars	2022 ₹	2021 ₹
(A)	***Other Provisions***		
1	Provision for Income Tax	7,62,326	-
2	TDS Payable	567404	139994
3	TCS Payable	475035	376427
4	Other Provisions	52739	388
5	Audit Fees Payable	1,08,000	1,18,000
6	Salary Payble	6,67,764	2,02,500
	Total in ₹	16,33,268	8,37,309

B NAGAI & CO. AHMEDABAD FRN: 127250W CHARTERED ACCOUNTANTS

GAUTAM GEMS LIMITED SURAT

Gautam Gems Limited

Notes Forming Part of Statement of Profit & Loss Accounts for the year ended 31.03.2022

Note : 10 Revenue from Operations

Sr. No.	Particulars	2022	2021
1	Sales	1,800,601,027	935,761,148
	Total in `	1,800,601,027	935,761,148

Note : 11 Purchase of Stock -in-Trade

Sr. No.	Particulars	2022	2021
(A)	PURCHASES OF RAW MATERIALS AND STORES		
1	Purchase	1,695,154,374	1,058,068,565
2	Stores Spares & Materials	77,035	24,250
3	Other Direct Expenses	9,698,128	6,438,865
	Total in `	1,704,929,537	1,064,531,680

Note : 12 Change in Inventories

Sr. No.	Particulars	2022	2021
1	Opening Stock	222,233,591	85,347,647
2	Closing Stock	146,482,644	222,233,591
	Total in `	75,750,947	(136,885,944)

Note : 13 Employement Benefit Expenses

Sr. No.	Particulars	2022	2021
1	Salary Expenses	7,346,482	1,822,500
2	Directors Remuneration	500,000	500,000
3	Contribution	130,315	
	Total in `	7,976,797	2,322,500

Note : 14 Financial Cost

Sr. No.	Particulars	2022	2021
1	Bank Charges	14,234	30,652
2	Interest Expenses	2,828,336	521,141
	Total in `	2,842,570	551,793

Note : 15 Depreciation & Amortised Cost

Sr. No.	Particulars	2022	2021
1	Depreciation	1,510,210	817,885
	Total in `	1,510,210	817,885

Note : 16 Other Administrative Expenses

Sr. No.	Particulars	2022	2021
1	Audit Fees	40,000	35,000
2	Advertisement	21,852	
3	BSE , CDSL , NSDL , ROC Expenses	412,800	788,629
4	Conveyance & Petrol Expenses	63,630	86,897
5	Computer Expenses	26,949	4,424
6	Electricity Expenses	207,100	178,385
7	Legal & Professional Fees	5,000	700,000
8	Office Expenses & Tea Refreshment Expenses	80,731	50,602
9	Other Expenses	84,895	550,022
10	Post & Courier Expenses	90,148	64,895
11	Printing & Stationary Expenses	13,623	18,942
12	Preliminary Expenses W/OFF	557,011	90,000
13	Rent Expenses	-	75,000
14	Repairing & Maintenance Expenses	81,791	54,871
15	Telephone Expenses	5,551	6,695
	Total in `	1,691,081	2,704,962

BHAGAT & CO. AHMEDABAD FRN127250W CHARTERED ACCOUNTANTS

GAUTAM GEMS L. SURAT

Note : Ratio Analysis

	Particulars	2022	2021
(A)	**Current Ratio** (in times)	1.35	1.50
	(Current Assets/Current Liabilities)		
(B)	**Inventory Turnover Ratio** (in times)	12.29	4.21
	(Revenue From Operation/Closing Inventory)		
(C)	**Trade Receivable Turnover Ratio** (in times)	5.65	7.86
	(Revenue From Operation/Trade Receivable)		
(D)	**Trade Payable Turnover Ratio** (in times)	6.34	6.10
	(Total Purchase/Trade Payable)		
(E)	**Net Working Capital Turnover Ratio** (in times)	14.70	7.99
	(Revenue From Operation/Net Working Capital)		
(F)	**Return on Equity**	3.64%	2.45%
	(Profit For Equity Shareholders/Equity)*100		
(G)	**Net Profit Ratio**	0.29%	0.36%
	(Net Profit/Revenue From Operation)*100		
(H)	**Return on Capital Employed**	4.52%	2.36%
	(PBIT/Capital Employed)*100		
(I)	**Debt Equity Ratio** (in times)	0.57	0.42
	(Total Outside Liabilities/Equity)		
(J)	**Debt Service Coverage Ratio (in times)**	2.00	4.29
	(PAT+Interest Exp/(Principle Repayment+Interest Expenses)		

BHAGAT & CO. CHARTERED ACCOUNTANTS AHMEDABAD FRN: 127250W

GAUTAM GEMS LIMITED SURAT

GAUTAM GEMS LIMITED

Significant Accounting Policies and Notes forming parts of Accounts

Note : 17

NOTES ON ACCOUNTS

1. Previous year's figures are regrouped/rearranged wherever necessary.

2. All the Opening Balances are taken as per previous year audit report.

3. Contingent liability in respect of claims against the company not acknowledged as debts against which the company has counter claims aggregating to Rs. is Nil.

4. In the opinion of the Board, the current assets, loans and advances are approximately of the value stated in the Balance sheet, if realized in the ordinary course of business.

5. Information pursuant to paragraph 2, 3, 4, 5 of Part II of the schedule III is given as under so far as it applies to the company

a) Payment to Statutory Auditors

	Current Year	Previous Year
1. Audit Fees	40,000/-	35,000/-

6. Provision for Taxation for the current year has been made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.

7. There is no adjustment required to be made to the profits or loss for complying with ICDS notified u/s 145(2).

FOR, BHAGAT AND CO.
CHARTERED ACCOUNTANTS
FRN NO. 127250W

For And On Behalf Of The Board

BHAGAT & CO. AHMEDABAD FRN:127250W CHARTERED ACCOUNTANTS

Shankar Prasad Bhagat
(Partner)
M No: 052725
UDIN : 22052725AJTIEZ7470

(Managing Director)

N. G. Sheth
(Director)

Date:27/05/2022
Place: Ahmedabad

Anil
(Company Secretary)

S. L. Sheth
(CFO)

Significant Accounting Policies

A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Financial statements are prepared under the historical cost convention and on accrual basis in accordance with the Indian Accounting Standards (referred to as "Ind AS") prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time.

Accounting policies not specifically referred to otherwise are consistent and in accordance with the generally accepted accounting principles

B. REVENUE RECOGNITION

Sales are recorded exclusive of Taxes and when risk is transferred to customer.

C. RETIREMENT BENEFITS

- As certified by the management, the company has no liability under the Provident Fund & Super Annuation Fund Act as the said acts do not apply to the company.
- It is explained to us that the company does not provide for any leave encashment and any liability arising thereon shall be paid and dealt with in the books of accounts at the actual time of payment.

D. INVESTMENTS

- Long Investments are carried at cost less provision for permanent diminution if any in the value of such investment. There were no such investments during the year.

E. BORROWING COSTS

- Borrowing costs are charged to the Profit and Loss A/c in the year in which they are incurred.

F. CONTINGENT LIABILITIES

- As certified by the Management, there is no contingent liability on the company and all known and estimated liabilities have been provided for in the books of accounts.

G. APPLICABILITY OF IndAS-12

- Provision for the deferred tax has been created on timing difference. During the year there was created Deferred Tax Liability.

H. FOREIGN CURRENCY TRANSACTIONS

- There are no such foreign currency transactions during the year.

BHARAT & CO. * AHMEDABAD * FRN127250W * CHARTERED ACCOUNTANTS

I. C I F VALUE OF IMPORT RAW MATERIALS NIL

J. EXPENDITURE IN FOREIGN CURRENCY NIL

K. PROPERTY, PLANT AND EQUIPMENT

- Property, Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment loss, if any. The cost of an asset comprises of its purchase price and any directly attributable cost of bringing the assets to working condition for its intended use. Expenditure on additions, improvements and renewals is capitalized and expenditure for maintenance and repairs is charged to profit and loss account.

L. DEPRECIATION

- Depreciation is provided on WDV method as per The Companies Act, 2013

M. APPLICABILITY OF IndAS - 24

In accordance with the requirements of Indian Accounting Standards - 24, the following transactions are considered as Related Party transactions:-

Sr. No.	Name	Amount	Relationship	Nature of transaction
1.	Gautam P. Sheth	3,00,000/-	Director	Remuneration paid
2.	Nidhi G. Sheth	2,00,000/-	Director	Remuneration paid
3.	Gautam P. Sheth	2,35,37,407/-	Director	Unsecured Loan Taken
4.	Nidhi G. Sheth	2,22,001/-	Director	Unsecured Loan Taken
4.	Gautam Gems	33,58,192/-	Proprietorship of Director	Labour Purchase

N. Earning per Share: The Earning Per Share (IndAS-33) has been computed as under:-

(a) Profit after tax	Rs. 52,08,548/-
(b) No. of Equity Share	1,00,67,059
(c) Nominal value of share	Rs. 10 per share
(d) EPS	0.52/-

FOR, BHAGAT AND CO.
CHARTERED ACCOUNTANTS
FRN NO. 127250W

For And On Behalf Of The Board

BHAGAT & CO. AHMEDABAD FRN127250W CHARTERED ACCOUNTANTS

Shankar Prasad Bhagat
(Partner)
M No: 052725
UDIN : 22052725AJTIEZ7470

(Managing Director)

N.G.Sheth
(Director)

Date:27/05/2022
Place: Ahmedabad

Anil
(Company Secretary)

S.L. Sal
(CFO)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

*You should read the following discussion of our financial condition and results of operations together with our restated financial statements included in this Prospectus. You should also read the section entitled "**Risk Factors**" beginning on page 21 and "**Forward Looking Statements**" beginning on page 17 which discusses a number of factors, risks and contingencies that could affect our financial condition and results of operations.*

*The following discussion of our financial condition and results of operations should be read in conjunction with our Restated Financial Statements as of and for the fiscal year ended March 31,2022, 2021, 2020 and 2019 prepared in accordance with the Companies Act, 2013 to the extent applicable and Indian GAAP and restated in accordance with the SEBI ICDR Regulations, including the schedules, annexure and notes thereto and the reports thereon, included in the section titled "**Financial Information of the Company**" on page no. 89 of this Prospectus. Please note that in terms of Schedule VI of the SEBI (ICDR) Regulations, 2018, the company is required to give the financial information for the preceding 3 financial years from the date of the Prospectus. Our fiscal year ends on March 31 of each year. Accordingly, all references to a particular fiscal year/financial year are to the twelve-month period ended on March 31 of that year. The forward-looking statements contained in this discussion and analysis is subject to a variety of factors that could cause actual results to differ materially from those contemplated by such statements.*

Indian GAAP differs in certain material respects from U.S. GAAP and IFRS. We have not attempted to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Prospectus, nor do we provide a reconciliation of our financial statements to those under U.S. GAAP or IFRS. Accordingly, the degree to which the Indian GAAP financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with the Companies Act, Indian GAAP and the SEBI ICDR Regulations.

Overview of the Company

The Founder promoter of our Company Mr. Gautam P. Sheth is in the business of Diamond since 2002. He along with his wife incorporated Company at Surat as "Gautam Gems Private Limited" on 18/02/2014 under the provisions of the Companies Act, 2013 vide certificate of incorporation issued by the Registrar of Companies, Gujarat, Dadra and Nagar Havelli. Subsequently the company was converted into a Public Limited Company vide fresh certificate of incorporation dated 16th August, 2017 and the name was changed to "Gautam Gems Limited"

Our company has been principally incorporated as Manufacturer and Trader of rough and polished diamonds. Our registered and corporate office is located in Surat, which is the diamond hub of India. We sell diamonds of multiple category, shape, cut, size and color. The range of diamonds we manufacture and trade in purely depends on the demand and supply of diamonds in the local markets. Primarily, Round Brilliant and All Fancy shape, 0.18 cts upto 15.00 cts Size and D to N color with all type of Fancy color kind of diamonds is demanded by our customers. Since our business is strongly driven by customer demand, we maintain a high/low stock with at our office or factory.

In order to compete in the diamond market, we have created and maintained an independent sales and distribution network for our products within the Domestic markets. Further to ensure customer satisfaction, quality supply of diamonds, timely delivery of orders and purchase-sale of authentic diamonds, we deal with our suppliers and customers on mutually agreed terms. Further, we have developed and maintained long-term and stable relationships with our key suppliers and our key customers although we have not entered into any formal contracts with either of them.

Our promoters, Mr. Gautam P. Sheth and Nidhi G. Sheth have 18 years and 10 years of experience in diamond business, respectively.

For further details, see "Business Overview" on page 70.

COVID 19 Pandemic:

An outbreak of COVID-19 was recognised as a pandemic by the WHO on March 11, 2020. In response to the COVID-19 outbreak, the governments of many countries, including India, have taken preventive or protective actions such as imposing country-wide lockdowns, as well as restrictions on travel and business operations. Since May 2020 many of these measures have been lifted. Due to a government mandated lockdown in India, we had to temporarily shut down our operations from mid-March 2020 to April 2020. We have resumed operations slowly from June 2020. We proactively engaged with our clients to reassure them and to demonstrate our commitment to restart our operations and to build confidence in the safety protocols deployed at our office. As a result, we have since experienced a gradual increase in business.

Significant Developments Subsequent to the Last Financial Year

Except as stated in this Letter of Offer and as disclosed below, to our knowledge, no circumstances have arisen since March 31, 2022, which materially affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets or our ability to pay material liabilities:

1. Mr. Samir Lalitbhai Shah appointed as Chief Financial officer and Mr. Sandip Makwana resigned from the post of CFO in the Board Meeting held on 6th May, 2022

Key factors affecting our results of operation:

The business is subjected to various risks and uncertainties, including those discussed in the section titled **"Risk Factor"** beginning on page no. 21 of this Letter of Offer. Our results of operations and financial conditions are affected by numerous factors including the following:

- General economic and demographic conditions;
- Fluctuations in foreign and Indian currency;
- Our ability to compete successfully with our competitors in terms of competitive pricing, quality service etc;
- Significant developments in India's economic and fiscal policies;
- Our ability to attract and retain distributors, wholesalers;
- Our ability to meet our capital expenditure requirements;
- Our ability to expand its existing retail network;
- Our ability to purchase the material and the availability of the same at reasonable prices;
- Our ability to attract and retain its clients;
- Increasing competition in the Industry;
- Changes in government regulations, tax regimes, laws and regulations that apply to the industry;
- Changes in fiscal, economic or political conditions in India;
- Our ability to obtain the necessary licenses in timely manner;
- Changes in the SEBI and RBI regulations, interest rates and tax laws in India.

Our Significant Accounting Policies:

For Significant accounting policies please refer Significant Accounting Policies, "**Annexure IV**" beginning under "Auditors' Report and Financial Information of our Company" on page 114 of this Letter of Offer.

Change In Accounting Policies

Except as mentioned in chapter **"*Financial Information*"** on page 89 of this Letter of Offer, there has been no change in accounting policies for the period which has been included in this Letter of Offer.

Revenue and Expenses

Description of the major components of revenue and expense items: -

Our total revenue consists of revenue from operations and other income.

Revenue

Revenue from Operations

Revenue from operations comprised revenue generated from Sale of Polish Diamond, Sale of rough diamond, Sale of Gold and Sale of Silver.

Expenses

Operating Expenses is our largest head of expense and mainly comprised of purchase of stock in trade, changes in inventories.

Employee Benefits Expense comprised of salary and wages to employees and staff welfare expenses.

Other Expenses

Other expenses primarily comprises of Electricity Expense, Legal & Professional fees, commission and brokerage and travelling expenses, printing & stationery, communication expenses, stock exchange and regulatory expenses, audit fees, rent and other miscellaneous expenses.

Tax Expense

Our tax expense or credit for the period represents the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

DISCUSSION ON RESULTS OF OPERATIONS:

The following discussion on results of operations should be read in conjunction with the audited financial results of our Company for the financial years ended March 31, 2022, 2021, 2020 and 2019.

Our Results of Operation

COMPARISON OF FINANCIAL YEARS MARCH 31, 2022, 2021, 2020, 2019

The following table sets forth select financial data from restated financial statement, the components of which are also expressed as a percentage of total income for such periods.

(Rs. In Lakhs)

Particulars	March 31, 2022	% of Total Income	March 31, 2021	% of Total Income	March 31, 2020	% of Total Income	March 31, 2019	% of Total Income
I. Revenue From Operation								
Sales	18006.01	99.92%	9357.61	99.74%	32817.04	99.81%	4372.82	100%
II. Other Income	14.15	0.08%	24.18	0.26%	61.07	0.19%	-	-
III. Total Revenue (I+II)	**18020.16**	100.00%	**9381.79**	**100%**	**32878.11**	**100%**	**4372.82**	**100%**
IV. Expenses								
Purchase of Stock-in-Trade	17049.30	94.61%	10645.31	113.47%	33399.08	101.58%	4102.69	93.82%
Changes in Inventories of Stock-in-Trade	757.51	4.20%	(1368.86)	(14.59)%	(669.85)	(2.04)%	190.64	4.36%
Employee Benefits Expenses	79.77	0.44%	23.23	0.25%	33.02	0.10%	31.90	0.73%
Other Expenses	28.43	0.16%	27.04	0.29%	30.49	0.09%	17.00	0.38%

Particulars	March 31, 2022	% of Total Income	March 31, 2021	% of Total Income	March 31, 2020	% of Total Income	March 31, 2019	% of Total Income
Finance Cost	15.10	0.08%	5.52	0.06%	0.26	7.91%	0.24	0.01%
Depreciation and Amortization Expenses	16.91	0.09	8.18	0.09%	10.16	0.03%	5.56	0.13%
Total Expenses	**17947.02**	**99.59%**	**9340.42**	**99.56%**	**32803.16**	**99.77%**	**4348.03**	**99.43%**
V. Profit Before Tax And Extraordinary item (III-IV)	**73.14**	**0.41%**	**41.37**	**0.44%**	**74.95**	**0.23%**	**24.79**	**0.57%**
VI. Extraordinary items			-	-	-	-	-	-
VII. Profit Before Tax	**73.14**	**0.41%**	**41.37**	**0.44%**	**74.95**	**0.23%**	**24.79**	**0.57%**
VIII. Tax expenses								
1. Current taxes	18.42	0.10%	-	-	15.00	0.05%	4.47	0.10%
2. Tax adjustments for earlier years	-		7.29	0.08%	-	-	-	-
3. MAT Credit Entitlements					-	-	-	-
4. Deferred tax	2.64	0.01%	-	-	2.59	0.01%	2.59	0.06%
Profit after tax and before extraordinary items available for appropriation	**52.08**	**0.29%**	**34.08**	**0.36%**	**57.36**	**0.17%**	**17.73**	**0.41%**
Proposed Dividend			-	-	-	-	-	-
Dividend distribution tax			-	-	-	-	-	-
Net profit carried to Balance sheet	**52.08**	**0.29%**	**34.08**	**0.36%**	**57.36**	**0.17%**	**17.73**	**0.41%**

COMPARISON OF FY 2022 WITH FY 2021

Revenue from Operations

Our revenue from operations for the Fiscal 2022 was ₹18006.01 Lakhs as compared to ₹ 9357.61 Lakhs for the Fiscal 2021, representing an increase of 92.42%. This is primarily due to recovery from Covid-19 impact during Fiscal 2022.

Revenue – Other Income
Other income for the Fiscal 2022 was ₹ 14.15 Lakhs as compared to ₹ 24.18 Lakhs for the Fiscal 2021.

Expenses

Our total expenditure other than finance cost, depreciation and amortization expense for the Fiscal 2022 was ₹ 17915.01 Lakhs as compared to ₹ 9326.73 Lakhs for the Fiscal 2021, representing an increase of 92.08%. Total expenditure comprises of :-

Purchase of Stock in Trade

The Purchase of stock in trade for the Fiscal 2022 was ₹ 17049.30 Lakhs as compared to ₹ 10645.32 Lakhs for the Fiscal 2021, representing an increase of 60.16%. This increase was due to more sales.

Changes in Inventories of Stock-in-Trade

The changes inventories of stock-in-trade for the Fiscal 2022 were ₹ 757.51 Lakhs as compared to (1368.86)Lakhs for the Fiscal 2021.

Employee benefit expenses

Employee benefit expense for the Fiscal 2022 was ₹ 79.77 Lakhs as compared to ₹ 23.23 Lakhs for the Fiscal 2021, representing an increase of 243.39%.

Other expenses

Other expenses for the Fiscal 2022 were ₹ 28.43 Lakhs as compared to ₹ 27.04 Lakhs for the Fiscal 2021, representing an increase of 5.14%.

Finance cost

Finance cost for the Fiscal 2022 was ₹ 15.10 lakhs as compared to ₹5.52 Lakhs for the Fiscal 2021, representing an increase of 173.55%. Increase in Finance Cost was due to increase in interest expense.

Depreciation and Amortization Expense

Depreciation and amortization expense for the Fiscal 2022 was ₹ 16.91 Lakhs as compared to ₹ 8.18 Lakhs for the Fiscal 2021, representing an increase of 106.72%.

Profit/ (Loss) After Tax

The Company's PAT for Fiscal 2022 was ₹ **52.08** Lakhs as compared to profit of ₹ 34.08 Lakhs for the Fiscal 2021. This increase was due to higher sales and EBITDA.

COMPARISON OF FY 2021 WITH FY 2020

Revenue from Operations

Our revenue from operations for the Fiscal 2021 was ₹ 9357.61 Lakhs as compared to ₹ 32817.04 Lakhs for the Fiscal 2020, representing a decrease of 71.49%. This is primarily due to Covid-19 impact during quarter 4 of Fiscal 2021.

Revenue – Other Income
Other income for the Fiscal 2021 was ₹ 24.18 Lakhs as compared to ₹ 61.07 Lakhs for the Fiscal 2020.

Expenses

Our total expenditure other than finance cost, depreciation and amortization expense for the Fiscal 2021 was ₹ 9326.73 Lakhs as compared to ₹ 32792.73 Lakhs for the Fiscal 2020, representing a decrease of 71.56%. Total expenditure comprises of:-

Purchase of Stock in Trade

The Purchase of stock in trade for the Fiscal 2021 was ₹ 10645.32 Lakhs as compared to ₹ 33399.08 Lakhs for the Fiscal 2020, representing a decrease of 68.13%. This decrease was due to reduction of sales.

Changes in Inventories of Stock-in-Trade

The changes inventories of stock-in-trade for the Fiscal 2021 were (₹ 1368.86) Lakhs as compared to (₹ 669.85) Lakhs for the Fiscal 2020.

Employee benefit expenses

Employee benefit expense for the Fiscal 2021 was ₹ 23.23 Lakhs as compared to ₹ 33.02 Lakhs for the Fiscal 2020, representing a decrease of 29.65%.

Other expenses

Other expenses for the Fiscal 2021 were ₹ 27.04 Lakhs as compared to ₹ 30.49 Lakhs for the Fiscal 2020, representing a decrease of 11.32%.

Finance cost

Finance cost for the Fiscal 2021 was ₹ 5.52 lakhs as compared to ₹ 0.26 Lakhs for the Fiscal 2020, representing an increase of 2023.08%. Increase in Finance Cost was due to increase in interest expense.

Depreciation and Amortization Expense

Depreciation and amortization expense for the Fiscal 2021 was ₹ 8.18 Lakhs as compared to ₹ 10.16 Lakhs for the Fiscal 2020, representing a decrease of 19.49%.

Profit/ (Loss) After Tax

The Company's PAT for Fiscal 2021 was ₹ 34.08 Lakhs as compared to profit of ₹ 57.36 Lakhs for the Fiscal 2020. This decrease was due to lower sales and EBITDA.

COMPARISON OF FY 2020 WITH FY 2019

Revenue from Operations

Our revenue from operations for the Fiscal 2020 was ₹ 32817.04 Lakhs as compared to ₹ 4372.82 Lakhs for the Fiscal 2019, representing an increase of 650.48%.

Revenue – Other Income
Other income for the Fiscal 2020 was ₹ 61.07 Lakhs as compared to ₹ Nil for the Fiscal 2019.

Expenses

Our total expenditure other than finance cost, depreciation and amortization expense for the Fiscal 2020 was ₹ 32792.73 Lakhs as compared to ₹ 4342.23 Lakhs for the Fiscal 2019, representing an increase of 655.21%. Total expenditure comprises of:-

Purchase of Stock in Trade

Purchase of stock in trade for the Fiscal 2020 was ₹ 33399.08 Lakhs as compared to ₹ 4102.69 Lakhs for the Fiscal 2019, representing an increase of 714.08%.

Changes in Inventories of Stock-in-Trade

The changes in inventories of stock-in-trade for the Fiscal 2020 were (₹ 669.85) Lakhs as compared to ₹ 190.64 Lakhs for the Fiscal 2019.

Employee benefit expenses

Employee benefit expense for the Fiscal 2020 was ₹ 33.02 Lakhs as compared to ₹ 31.90 Lakhs for the Fiscal 2019, representing an increase of 3.51%.

Other expenses

Other expenses for the Fiscal 2020 were ₹ 30.49 Lakhs as compared to ₹ 17.00 Lakhs for the Fiscal 2019, representing an increase of 79.35%.

Finance cost

Finance cost for the Fiscal 2020 was ₹ 0.26 lakhs as compared to ₹ 0.24 Lakhs for the Fiscal 2019, representing an

increase of 8.33%. Increase in Finance Cost was due to increase in interest expense.

Depreciation and Amortization Expense

Depreciation and amortization expense for the Fiscal 2020 was ₹ 10.16 Lakhs as compared to ₹ 5.56 Lakhs for the Fiscal 2019, representing an increase of 82.73%.

Profit/ (Loss) After Tax

The Company's PAT for Fiscal 2020 was ₹ 57.36 Lakhs as compared to profit of ₹ 17.73 Lakhs for the Fiscal 2019, representing an increase of 223.52%.

COMPARISON OF FY 2019 WITH FY 2018

Revenue from Operations

Our revenue from operations for the Fiscal 2019 was ₹ 4372.82 Lakhs as compared to ₹ 2866.49 Lakhs for the Fiscal 2018, representing an increase of 52.55%.

Expenses

Our total expenditure other than finance cost, depreciation and amortization expense for the Fiscal 2019 was ₹ 4342.23 Lakhs as compared to ₹ 2848.87 Lakhs for the Fiscal 2018, representing an increase of 52.42%. Total expenditure comprises of:-

Purchase of Stock in Trade

Purchase of stock in trade for the Fiscal 2019 was ₹ 4102.69 Lakhs as compared to ₹ 2639.08 Lakhs for the Fiscal 2018, representing an increase of 55.46%.

Changes in Inventories of Stock-in-Trade

The changes in inventories of stock-in-trade for the Fiscal 2019 were ₹190.64 Lakhs as compared to ₹ 169.96 Lakhs for the Fiscal 2018, representing an increase of 12.17%.

Employee benefit expenses

Employee benefit expense for the Fiscal 2019 was ₹ 31.90 Lakhs as compared to ₹ 26.24 Lakhs for the Fiscal 2018, representing an increase of 21.57%.

Other expenses

Other expenses for the Fiscal 2019 were ₹ 17.00 Lakhs as compared to ₹ 13.58 Lakhs for the Fiscal 2018, representing an increase of 25.18%.

Finance cost

Finance cost for the Fiscal 2019 was ₹ 0.24 lakhs as compared to ₹ 0.06 Lakhs for the Fiscal 2018, representing an increase of 300%. Increase in Finance Cost was due to increase in interest expense.

Depreciation and Amortization Expense

Depreciation and amortization expense for the Fiscal 2019 was ₹ 5.56 Lakhs as compared to ₹ 5.49 Lakhs for the Fiscal 2018, representing an increase of 1.28%.

Profit/ (Loss) After Tax

The Company's PAT for Fiscal 2019 was ₹ 17.73 Lakhs as compared to profit of ₹ 7.98 Lakhs for the Fiscal 2018, representing an increase of 122.18%.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or which we believe reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenue or expenses, operating results, liquidity, capital expenditure or capital resources.

Details of Default, if any, including therein the amount involved, duration of default and present status, in repayment of statutory dues or repayment of debentures or repayment of deposits or repayment of loans from any bank or financial institution

There have been no defaults in payment of statutory dues or repayment of debentures and interest thereon or repayment of deposits and interest thereon or repayment of loans from any bank or financial institution and interest thereon by the Company for Financial Year 2022, 2021, 2020 and 2019.

Material Frauds

There are no material frauds, as reported by our statutory auditor, committed against our Company, during the last three financial years**.**

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss related to adverse changes in market prices, including interest rates. In the normal course of business, we are exposed to certain market risks including interest risk.

Interest rate risk

Interest rate risk results from changes in prevailing market interest rates, which can cause a change in the fair value of fixed-rate instruments and changes in the interest payments of the variable-rate instruments. Our operations are funded to a certain extent by borrowings. Our current loan facilities carry interest at variable rates as well as fixed rates. We mitigate risk by structuring our borrowings to achieve a reasonable, competitive cost of funding. There can be no assurance that we will be able to do so on commercially reasonable terms, that our counterparties will perform their obligations, or that these agreements, if entered into, will protect us adequately against interest rate risks.

Liquidity risk

Adequate and timely cash availability for our operations is the liquidity risk associated with our operations. Our Company's objective is to all time maintain optimum levels of liquidity to meet its cash and collateral requirements. We employee prudent liquidity risk management practices which inter-alia means maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

Credit Risk

We are exposed to the risk that our counterparties may not comply with their obligations under a financial instrument or customer contract, leading to a financial loss. We are exposed to credit risk from our operating activities, primarily from trade receivables.

We consider our customers to be creditworthy counterparties, which limits the credit risk, however, there can be no assurance that our counterparties may not default on their obligations, which may adversely affect our business and financial condition.

An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:

1. Unusual or infrequent events or transactions

As on date, there have been no unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses.

2. Significant economic changes that materially affected or are likely to affect income from continuing operations.

Apart from the risks as disclosed under Section "*Risk Factors"* beginning on page 21 there are no significant economic changes that may materially affect or likely to affect income from continuing operations.

3. Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.

Apart from the risks as disclosed under Section "*Risk Factors"* beginning on page 21, in our opinion there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

4. Future changes in relationship between costs and revenues

Our Company's future costs and revenues will be determined by demand/supply situation, both of the end services provided by us as well as the prices of our service suppliers, cost of employees, government policies and budget constraints of our customer(s).

5. Increases in net sales or revenue and Introduction of new products or services or increased sales prices

Increases in revenues shall by and large be linked to increases in volume of business.

6. Status of any publicly announced New Products or Business Segment

Except as disclosed elsewhere in this Letter of Offer, we have not announced and do not expect to announce in the near future any new products or business segments.

7. Total Turnover of Each Major Industry Segment in Which the Issuer Operates

Our Company currently operates in the gems and jewellery sector. Details of the industry turnover and other relevant information is disclosed in the section "*Industry Overview*" beginning on page 60

8. Seasonality of business

Our Company's business is seasonal in nature.

9. Any Major Dependence on a single or few suppliers or customers

Other than as described in this Letter of Offer, particularly in sections *"Risk Factors* "on page 21 to our knowledge, there is no significant dependence on a single or few customers or suppliers.

10. Competitive conditions:

Competitive conditions are as described under the chapters "*Industry Overview*" and "*Our Business*" beginning on pages 60 and 70 respectively.

SECTION VI- LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND DEFAULTS

Our Company, Promoters, its Group companies are subject to various legal proceedings from time to time primarily arising in the ordinary course of their business.

Further other than as disclosed in this section, there are no outstanding litigation involving our Company and/or our Promoters and/or Group companies with respect to (i) issues of moral turpitude or criminal liability on the part of our Company and/or our Promoters and/or Group companies, (ii) material violations of statutory regulations by our Company and/or our Promoters and/or Group companies, (iii) economic offences where proceedings have been initiated against our Company and/or our Promoters and/or Group companies, (iv) any pending matters, which if they result in an adverse outcome would materially and adversely affect operations or financial position of our Company and/or our Promoters and/or Group companies, and (v) tax matters.

For the purpose of material litigation in (viii) above, our Board has considered and adopted the following policy on materiality for identification of material outstanding litigations to be disclosed by our Company in the Letter of Offer:

a) All criminal proceedings, taxation matters, disciplinary actions and actions by statutory or regulatory authorities, involving our Company, Promoters, Directors, or Group Companies, as the case may be has been considered as material;

b) All pending litigation (other than those covered in (a) above) involving our Company, Promoters, Directors, or Group Companies as the case may be, has been considered 'material' where (a) the monetary amount of claim by or against the entity or person in any such pending matter(s) is in excess of Rs. 10.00 Lakhs or 10.00% of the net profits after tax of the Company for the most recent audited fiscal period, whichever is lower; or (b) where the monetary liability is not quantifiable, each such case involving our Company, Promoters, Directors, or Group Companies, whose outcome would have a bearing on the business operations, prospects or reputation of our Company;

c) All pending litigations involving our Directors where an adverse outcome would materially and adversely affect the business, operations or financial position or reputation of our Company has been considered as material;

d) Notices received by our Company, Promoters, Directors, or Group Companies, as the case may be, from third parties (excluding statutory/regulatory authorities or notices threatening criminal action) shall, in any event, has not been evaluated for materiality until such time that the Company / Directors / Promoters / Group Companies, as the case may be, are impleaded as parties in proceedings before any judicial forum.

Our Company, our Promoters and/or our Directors and/ or Group Companies, have not been declared as wilful defaulters by the RBI or any governmental authority, have not been debarred from dealing in securities and/or accessing capital markets by the SEBI and no disciplinary action has been taken by the SEBI or any stock exchanges against our Company, our Promoters or our Directors and/ or Group Companies, that may have a material adverse effect on our business or financial position, nor, so far as we are aware, are there any such proceedings pending or threatened.

Pre-litigation notices received by our Company and/or our Promoters and/or Group companies from third-parties (excluding notices pertaining to any offence involving issues of moral turpitude, criminal liability, material violations of statutory regulations or proceedings related to economic offences) has not be evaluated for materiality until such time our Company and/or our Promoters and/or Group companies are impleaded as defendants in litigation proceedings before any judicial forum.

Unless otherwise stated, all proceedings are pending as of the date of this Letter of Offer. All information provided below is as of the date of this Letter of Offer.

(A) **Litigations Relating to Our Company**

- Labour Cases filed against the Company : NIL
- Labour Cases filed by the Company : NIL
- Civil Cases filed against the Company : NIL

- Civil Cases filed by the Company : NIL
- Criminal cases against the Company : NIL
- Criminal cases filed by the Company : NIL
- Notices served on the Company : NIL
- Tax related matters : NIL

(B) Litigation Relating to the Promoters of Our Company

a) Criminal Case against our Promoters : YES
b) Civil Cases Against Our Promoters : NIL
c) Criminal Cases Filed By Our Promoters : NIL
d) Civil Case Filed By Our Promoters : NIL
e) Cases Relating To Tax Matters : NIL
f) Notices served on the Promoter : NIL

Criminal Cases Against Our Promoters

- Sunil Suman Bhai Patel has filed criminal case wide Complaint number 10 of 2019 before the honorable 5th additional senior civil judge & A.C.J.M. at Navsari under section 138 of negotiable instrument act. As per complaint of the complainant, he had given loan amount of 25,00,000/- on 25/3/2017 to the respondent Mr. Gautam Seth and against that Mr. Gautam Seth had paid rupees 15,00,000/- to the complainant and issued a cheque of rupees 13,15,000/- to the complainant which was dishonoured and thus complainant had file the case to recover the amount. The case is still pending before the honorable court.

(C) **Litigations Relating to the Directors of Our Company**

a) Criminal case against our Directors : NIL
b) Civil Cases Against Our Directors : NIL
c) Criminal Cases Filed By Our Directors : NIL
d) Civil Case Filed By Our Directors : NIL
e) Cases Relating To Tax Matters : NIL
f) Notices served on the Directors : NIL

(D) Relating to Our Promoter Group and Group Companies/ Entities

a) Criminal case against our Promoter Group and Group Companies/ Entities : NIL
b) Civil Cases Against Our Promoter Group and Group Companies/ Entities : NIL
c) Criminal Cases Filed by Our Promoter Group and Group Companies/ Entities : NIL
d) Civil Case Filed by Our Promoter Group and Group Companies/ Entities : NIL
e) Cases Relating to Tax Matters : NIL
f) Notices served on the Our Promoter Group and Group Companies/ Entities

TAX PROCEEDINGS

There are no tax proceedings involving our Company, our Promoters, our Group Companies, or our Directors.

LEGAL NOTICES RECEIVED BY OUR COMPANY, OUR PROMOTERS, OUR GROUP COMPANIES, OUR SUBSIDIARIES AND OUR DIRECTORS

There are no legal notices received by Our Company, Our Promoters, Our Group Companies, and Our Directors as on the date of filing this Letter of Offer.

MATERIAL VIOLATIONS OF THE STATUTORY REGULATIONS BY OUR COMPANY

There are no material violations of the statutory regulations by our Company as on the date of this Letter of Offer.

PROCEEDINGS INITIATED AGAINST OUR COMPANY FOR ECONOMIC OFFENCES

There are no proceedings initiated against our Company for any economic offences.

DISCIPLINARY ACTION INCLUDING PENALTY IMPOSED BY SEBI OR STOCK EXCHANGES IN THE LAST FIVE FINANCIAL YEARS INCLUDING OUTSTANDING ACTION

- **AGAINST THE PROMOTERS**
- **AGAINST THE COMPANY**

DISCIPLINARY ACTION INCLUDING PENALTY IMPOSED BY RBI IN THE LAST FIVE FINANCIAL YEARS INCLUDING OUTSTANDING ACTION

- **AGAINST THE PROMOTERS**
- **AGAINST THE COMPANY**

As on the date of the Letter of Offer, except as stated above, there have been no disciplinary action including penalty imposed by SEBI or RBI or Stock Exchanges against our Company and Promoters in the last five financial years including outstanding action.

OUTSTANDING LITIGATION AGAINST OTHER PERSONS AND COMPANIES WHOSE OUTCOME COULD HAVE AN ADVERSE EFFECT ON OUR COMPANY

As on the date of the Letter of Offer, there is no outstanding litigation against other persons and companies whose outcome could have a material adverse effect on our Company.

DISCLOSURES PERTAINING TO WILFUL DEFAULTERS

Neither our Company, nor our Promoters, nor Group Companies, and nor Directors have been categorized or identified as wilful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India. There are no violations of securities laws committed by them in the past or are currently pending against any of them.

DISCLOSURES PERTAINING TO FRAUDULENT BORROWER

Our Company or any of our Promoters or Group Companies or Directors are not declared as 'Fraudulent Borrower' by the lending banks or financial institution or consortium, in terms of RBI master circular dated July 01, 2016.

NON-PAYMENT OF STATUTORY DUES

As on the date of the Letter of Offer there have been no (i) instances of non-payment or defaults in payment of statutory dues by our Company, (ii) over dues to companies or financial institutions by our Company, (iii) defaults against companies or financial institutions by our Company, or (iv) contingent liabilities not paid for.

OUTSTANDING DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES

The Company has not received any memorandum (as required to be filed by the Supplier with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March, 2022 as Micro, Small or Medium Enterprises. Consequently, the amount paid / payable to these parties during the year is NIL. Further, there is no small- scale undertaking or any other creditor to whom the Company owes a sum exceeding Rs. 1 lakh which is outstanding for more than thirty (30) days.

MATERIAL DEVELOPMENT SINCE MARCH 31, 2022

There have not arisen, since the date of the last financial statements disclosed in this Letter of Offer, any circumstances which materially and 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 our liabilities within the next 12 months. For further details, please refer to the chapter titled "Material Development" and "Management's Discussion and Analysis of Financial Position and Results of Operations" on page 150 and 137, respectively of this Letter of Offer.

GOVERNMENT AND OTHER STATUTORY APPROVALS

In order to operate our business, we require various approvals and/or licenses under various laws, rules and regulations. Our Company has obtained the necessary consents, licenses, registrations, permissions and approvals from the applicable government agencies and other statutory and/ or regulatory authorities required to carry on our present business activities. Some of the approvals and licenses that our Company requires for our business operations may expire in the ordinary course of business, and our Company will apply for their renewal from time to time.

In addition, as on the date of the Letter of Offer, there are no pending regulatory and government approvals and no pending renewals of licenses or approvals in relation to the activities presently undertaken by us or in relation to the Issue.

I. Material approvals for which applications have been made by our Company, but are currently pending grant: NIL

II. Material approvals for which renewal applications have been made by our Company: NIL

III. Material approvals which have expired and for which renewal applications are yet to be made by our Company:

- Our Company had obtained IEC dated May 22, 2018 issued by issued by Ministry of Commerce and Industry which was valid for a period of 1 year from the date of issuance. However, our company is yet to make a fresh application for obtaining the IEC.

IV. Material approvals required for which no application has been made by our Company: NIL

MATERIAL DEVELOPMENTS

There have not arisen, since the date of the last financial statements disclosed in this Letter of Offer, any circumstances which materially and 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 our liabilities within the next 12 months.

For further details, please refer to the chapter titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 137 of this Letter of Offer.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorized by a resolution of the Board passed at its meeting held on January 28, 2022. The shareholders of our Company have authorised this Issue, pursuant to a resolution under Section 62 of the Companies Act, 2013, passed at the extraordinary general meeting held on March 03, 2022

The Committee of Directors of our Company has, at its meeting held on 20th August, 2022 Saturday determined the Issue Price as Rs. 11/- per Rights Equity Share (including a premium of Re. 1/- per Rights Equity Share) and the Rights Entitlement as 4 Rights Equity Shares for every 1 Equity Shares held on the Record Date.

On Application, Investors will have to pay Rs. 2.75 per Rights Equity Share, which constitutes 25.00 % of the Issue Price and the balance Rs. 8.25 per Rights Equity Share which constitutes 75.00% of the Issue Price which will have to be paid in one or more subsequent Call(s), as determined by our Board at its sole discretion.

This Letter of Offer has been approved by our Board pursuant to their resolutions dated 20th August, 2022.

Our Company has received 'in-principle' approvals for listing of the Rights Equity Shares to be Allotted pursuant to Regulation 28 of SEBI Listing Regulations, vide letters dated September 9, 2022 issued by BSE for listing of the Rights Equity Shares to be Allotted pursuant to the Issue. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company undertakes to make an application to the Stock Exchanges for listing of the Rights Equity Shares to be issued pursuant to the Issue.

Our Company has been allotted the ISIN 'INE063Z20017' for the Rights Entitlements to be credited to the respective demat accounts of the Equity Shareholders of our Company. For details, see "Terms of the Issue" on page 159.

Prohibition by SEBI and other Governmental Authorities

Our Company, our Promoters, our Promoter Group or our Directors, the persons in control of our Company and the persons in control of our Corporate Promoters have not been debarred and are not 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 direction passed by SEBI or any securities market regulator in any jurisdiction or any authority/court as on date of this Letter of Offer.

The Companies with which the Promoters or the Directors are associated as promoters or directors have not been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority. None of our Directors or Promoters are associated with the securities market in any manner. There is no outstanding action initiated against them by SEBI in the five years preceding the date of filing of this Letter of Offer.

Neither our individual Promoters nor any of our Directors have been declared a fugitive economic offender under section 12 of the Fugitive Economic Offenders Act, 2018 (17 of 2018).

Directors associated with the Securities Market

None of our Directors are, in any manner, associated with the securities market.

Prohibition by RBI

Neither our Company, nor our Promoters, and Directors have been categorized or identified as willful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on willful defaulters issued by the Reserve Bank of India.

Confirmation under the Companies (Significant Beneficial Ownership) Rules, 2018

As on the date of this Letter of Offer, our Company, our Promoters and members of our Promoter Group are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018, as amended ("SBO Rules"), to the extent applicable.

Eligibility for the Issue

Our Company is a listed company and has been incorporated under the Companies Act, 2013. Our Equity Shares are presently listed on BSE Limited (BSE- Designated Stock Exchange). Our Company is eligible to offer Rights Equity Shares pursuant to this Issue in terms of Chapter III of the SEBI ICDR Regulations and other applicable provisions of the SEBI ICDR Regulations. Pursuant to Clauses (1) and (2) of Part B of Schedule VI to the SEBI ICDR Regulations, our Company is required to make disclosures in accordance with Part B-1 of Schedule VI to the SEBI ICDR Regulations.

Compliance with Regulation 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Our Company has made application to the Stock Exchange and has received their in-principal approvals for listing of the Rights Equity Shares to be issued pursuant to this Issue. BSE is the Designated Stock Exchange for the purpose of the Issue.

Disclaimer Clause of SEBI

Draft Letter of Offer has not been filed with SEBI in terms of SEBI ICDR Regulations as the size of issue is up to Rs. 5,000.00 lakhs, however this letter of offer will be filed with SEBI for dissemination purpose.

Disclaimer from our Company, our Director(s)

Our Company accept no responsibility for statements made otherwise than in this Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at their own risk.

Investors who invest in the Issue will be deemed to have represented to our Company and its officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares, and are relying on independent advice/evaluation as to their ability and quantum of investment in the Issue.

Cautions

Our Company shall make all relevant information available to the Eligible Equity Shareholders in accordance with the SEBI ICDR Regulations and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever, including at presentations, in research or sales reports, etc., after filing this Letter of Offer.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorized information or representations. This Letter of Offer is an offer to sell only the Rights Equity Shares and the Rights Entitlement, but only under circumstances and in the applicable jurisdictions. Unless otherwise specified, the information contained in this Letter of Offer is current only as at its date.

Disclaimer with respect to the jurisdiction

This Letter of Offer has been prepared under the provisions of Indian law and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Gujarat, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purposes of the Issue is BSE Limited.

Listing

Our Company will apply to BSE for final approval for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

Disclaimer Clause of the BSE

As required, a copy of Draft Letter of Offer has been submitted to BSE. The Disclaimer Clause as intimated by BSE to us, post scrutiny of Draft Letter of Offer is set out below:

"BSE Limited ("the **Exchange**") has given, vide its letter dated September 9, 2022 permission to this Company to use the Exchange's name in this Letter of Offer as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

(i) Warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; or
(ii) Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
(iii) Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this Letter of Offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever."

Selling Restrictions

The distribution of this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter or any other issue material (collectively, "Issue Materials") and the issue of Right Entitlements and the Right Equity Shares on a right basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Issue Materials may come, are required to inform themselves about and observe such restrictions.

Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders of our Company and in accordance with the SEBI ICDR Regulations, our Company will send / dispatch the Issue Materials only to the Eligible Equity Shareholders who have provided Indian address and who are located in jurisdictions where the offer and sale of the Rights Entitlements and the Rights Equity Shares are permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Issue Materials, shall not be sent any Issue Materials.

Further, the Letter of Offer will be provided to those who have provided their Indian addresses to our Company and who makes a request in this regard. Investors can also access the Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of the Registrar, our Company and the Stock Exchanges.

Our Company shall also endeavor to dispatch physical copies of the Issue Materials to Eligible Equity Shareholders who have provided an Indian address to our Company. Our Company and the Registrar will not be liable for non-dispatch of physical copies of Issue Materials.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer was filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements or Rights Equity Shares may not be offered or sold, directly or indirectly, and the Issue Materials may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction.

Receipt of the Issue Materials will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, under those circumstances, the Issue Materials must be treated as sent for information only and should not be copied, redistributed or acted upon for subscription to Rights Equity Shares or the purchase of Rights Entitlements. Accordingly, persons receiving a copy of the Issue Materials should not, in connection with the issue of the Rights Entitlements or Rights Equity Shares, distribute or send such document in, into the United States or any other jurisdiction where to do so would, or might contravene local securities laws or regulations or would subject the Company or their respective affiliates to any filing or registration requirement (other than in India). If Issue Materials is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Entitlement or Rights Equity Shares referred to in Issue Materials. Envelopes containing an Application Form should not be dispatched from any jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Rights Equity Shares in this Issue must provide an Indian address.

Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed that such person is authorised to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction, without requirement for our Company or their respective affiliates to make any filing or registration (other than in India).

Neither the delivery of this Letter of Offer nor any sale/offer of the Rights Equity Shares and/ or the Rights Entitlements hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Letter of Offer or the date of such information.

THE CONTENTS OF THIS LETTER OF OFFER SHOULD NOT BE CONSTRUED AS BUSINESS, LEGAL, TAX OR INVESTMENT ADVICE. PROSPECTIVE INVESTORS MAY BE SUBJECT TO ADVERSE FOREIGN, STATE OR LOCAL TAX OR LEGAL CONSEQUENCES AS A RESULT OF BUYING OR SELLING OF RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENTS. AS A RESULT, EACH INVESTOR SHOULD CONSULT ITS OWN COUNSEL, BUSINESS ADVISOR AND TAX ADVISOR AS TO THE LEGAL, BUSINESS, TAX AND RELATED MATTERS CONCERNING THE OFFER OF RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENTS. IN ADDITION, NEITHER OUR COMPANY NOR ANY OF THEIR RESPECTIVE AFFILIATES ARE MAKING ANY REPRESENTATION TO ANY OFFEREE OR PURCHASER OF THE EQUITY SHARES REGARDING THE LEGALITY OF AN INVESTMENT IN THE RIGHTS EQUITY SHARES BY SUCH OFFEREE OR PURCHASER UNDER ANY APPLICABLE LAWS OR REGULATIONS.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE RIGHTS EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "US SECURITIES ACT"), OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR THE TERRITORIES OR POSSESSIONS THEREOF (THE "UNITED STATES" OR "U.S."), EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT. THE RIGHTS ENTITLEMENTS AND RIGHTS EQUITY SHARES REFERRED TO IN THIS LETTER OF OFFER ARE BEING OFFERED AND SOLD IN OFFSHORE TRANSACTIONS OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE US SECURITIES ACT ("REGULATION S") TO EXISTING SHAREHOLDERS LOCATED IN JURISDICTIONS WHERE SUCH OFFER AND SALE OF THE RIGHTS EQUITY SHARES AND/ OR RIGHTS ENTITLEMENTS ARE PERMITTED UNDER LAWS OF SUCH JURISDICTIONS. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY OR TRANSFER ANY OF THE SAID SECURITIES. ACCORDINGLY, YOU SHOULD NOT FORWARD OR TRANSMIT THIS LETTER OF OFFER IN OR INTO THE UNITED STATES AT ANY TIME.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation or purchase of the Rights Equity Shares and/ or Rights Entitlements from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made. No Application Form should be postmarked in the United States, electronically transmitted from the United States or otherwise dispatched from the United States or from any other

jurisdiction where it would be illegal to make an offer of securities under this Letter of Offer, the Letter of Offer. Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer, that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States and is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States or other jurisdictions where the offer and sale of the Rights Equity Shares and/ or the Rights Entitlements is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is not in the United States and eligible to subscribe for the Rights Equity Shares and/ or the Rights Entitlements under applicable securities laws, and such person is complying with laws of jurisdictions applicable to such person in connection with this Issue; or (iii) where either a registered Indian address is not provided or where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Rights Equity Shares and/ or Rights Entitlements in respect of any such Application Form.

Our Company is not making, and will not make, and will not participate or otherwise be involved in any offers or sales of the Rights Entitlements, the Rights Equity Shares or any other security with respect to this Issue in the United States.

The Rights Entitlements and the Rights Equity Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission (the "US SEC"), any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Entitlements, the Rights Equity Shares or the accuracy or adequacy of this Letter of Offer. Any representation to the contrary is a criminal offence in the United States.

The above information is given for the benefit of the Applicants/Investors. Our Company is not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

NOTICE TO INVESTORS

NO ACTION HAS BEEN TAKEN OR WILL BE TAKEN THAT WOULD PERMIT A PUBLIC OFFERING OF THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES TO OCCUR IN ANY JURISDICTION OTHER THAN INDIA, OR THE POSSESSION, CIRCULATION OR DISTRIBUTION OF THIS LETTER OF OFFER OR ANY OTHER MATERIAL RELATING TO OUR COMPANY, THE RIGHTS ENTITLEMENTS OR THE RIGHTS EQUITY SHARES IN ANY JURISDICTION WHERE ACTION FOR SUCH PURPOSE IS REQUIRED. ACCORDINGLY, THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS LETTER OF OFFER NOR ANY OFFERING MATERIALS OR ADVERTISEMENTS IN CONNECTION WITH THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES MAY BE DISTRIBUTED OR PUBLISHED IN OR FROM ANY COUNTRY OR JURISDICTION EXCEPT IN ACCORDANCE WITH THE LEGAL REQUIREMENTS APPLICABLE IN SUCH COUNTRY OR JURISDICTION. THIS ISSUE WILL BE MADE IN COMPLIANCE WITH THE APPLICABLE SEBI REGULATIONS. EACH PURCHASER OF THE RIGHTS ENTITLEMENTS OR THE RIGHTS EQUITY SHARES IN THIS ISSUE WILL BE DEEMED TO HAVE MADE ACKNOWLEDGMENTS AND AGREEMENTS.

Consents

Consents in writing of our Directors, Legal Advisor, the Registrar to the Issue and the Bankers to the Issue/ Refund Bank to act in their respective capacities, have been obtained and such consents have not been withdrawn up to the date of this Letter of Offer.

Our Company has received written consent dated May 31, 2022 from our Statutory Auditor, for inclusion of their report, dated May 31, 2022 on the Financial Information in this Letter of Offer and to include their name in this Letter of Offer and as an 'expert' as defined under Section 2(38) of the Companies Act, 2013 in relation to the

Statement of Tax Benefits dated May 31, 2022 in the form and context in which it appears in this Letter of Offer. Such consent has not been withdrawn up to the date of this Letter of Offer.

Filing

The Letter of Offer is being filed with the BSE as per the provisions of the SEBI ICDR Regulations. SEBI vide the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which, the threshold of filing of Letter of Offer with SEBI for rights issues has been increased to Rupees Fifty Crores. Since the size of this Issue falls below this threshold, the Letter of Offer has been filed with the Stock Exchanges and not with SEBI. However, the Letter of Offer will be submitted to SEBI for information and dissemination and will be filed with the Stock Exchanges.

Stock Market Data of the Equity Shares

Our Equity Shares are listed and traded on BSE.

Expert Opinion

Our Company has received written consent dated May 31, 2022 from our Statutory Auditor to include their name as required under the SEBI ICDR Regulations in this Letter of Offer, and as an 'expert' as defined under Section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors and in respect of their (i) examination report dated May 31, 2022 on our Restated Financial Statements for the financial years ended March 31, 2022, March 31, 2021 and March 31, 2020 and March 31, 2019; and (ii) their report dated May 31, 2022 on the Statement of special tax benefits available to the Company and its shareholders under the applicable tax laws in India in this Letter of Offer and such consent has not been withdrawn as on the date of this Letter of Offer. However, the term 'expert' shall not be construed to mean an "expert" as defined under the U.S. Securities Act. Except as stated above, our Company has not obtained any expert opinions.

Performance vis-à-vis objects – Public/Rights Issue of our Company

Our Company has not made any rights issues or public issues during the five years immediately preceding the date of this Letter of Offer. There have been no instances in the past, wherein our Company has failed to achieve the objects in its previous issues.

Particulars In Regard To Our Company And Other Listed Companies Under The Same Management Within The Meaning Of Section 186 Of The Companies Act,2013 Which Made Any Capital Issue During The Last Three Years:

There are no listed companies under the same management within the meaning of Section 186 of the Companies Act, 2013 that made any capital issue viz. initial public offering, rights issue or composite issue during the last three years.

Status of Investor Complaints

We confirm that we have not received any investor compliant during the three years preceding the date of this Prospectus and hence there are no pending investor complaints as on the date of this Letter of Offer.

Changes In Auditors During The Last Three Financial Years

There has been change in the Auditors of the Company during the last three years as follows:

From	To	Name of Auditors	Date of Change
2016	2021	M/s. Parth Shah And Associates	25-08-2017; BOD
2021	2022	M/s. Bhagat & Co.	03-03-2022; EGM

Mechanism for Redressal of Investor Grievances

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements in compliance with SEBI Listing Regulations. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/OIAE/2/2011 dated June 3, 2011. Consequently, investor grievances are also tracked online by our Company through the SCORES mechanism.

Our Company has a Stakeholders Relationship Committee which meets at least once a year and as and when required. Its terms of reference include considering and resolving grievances of shareholders in relation to transfer of shares and effective exercise of voting rights. KFIN Technologies Limited is our Registrar and Share Transfer Agent to the Issue. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with the Company Secretary and Compliance Officer.

The Investor complaints received by our Company are generally disposed of within 15 days from the date of receipt of the complaint.

Investors may contact the Registrar or our Compliance Officer for any pre-Issue/post-Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e-mail ID of the sole/ first holder, folio number or demat account number, serial number of the Application Form, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form, or the plain paper application, as the case may be, was submitted by the ASBA Investors along with a photocopy of the acknowledgement slip (in case of ASBA process), For details on the ASBA process, please see "Terms of the Issue" on page 159.

Investor Grievances arising out of this Issue:

Investors may contact the Registrar to the Issue at:

Name	: **KFIN TECHNOLOGIES LIMITED**
Address	: Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi -500 032, Telangana, India
Tel No.	: +91 40 6716 2222/ 1-800-309-4001
Toll Free No.	: 1800-309-4001
Email Id	: gautamgems.rights@kfintech.com
Investor grievance e-mail	: einward.ris@kfintech.com
Contact Person	: Mr. M Murali Krishna
Website	: www.kfintech.com
SEBI Registration No.	: INR000000221

Investors may contact the Company Secretary and Compliance Officer at the below mentioned address for any pre Issue/ post-Issue related matters such as on-receipt of Letters of Allotment / demat credit/ Refund Orders etc.

Mr. Anilbhai Keshubhai Modhavadiya is the Company Secretary and the Compliance Officer of our Company. Her contact details are as follows:

Name	: **MR. ANILBHAI KESHUBHAI MODHAVADIYA**
Address	: First Floor, Chunibhai Chambers, Behind City Gold (Old Dipali Theatre), Ashram Road, Ahmedabad - 380009, Gujarat, India.
Tel No.	: +91 261 2538046
Email Id	: complianceggl@gmail.com
Website	: www.gautamgems.com

In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar at www.kfintech.com. Further, helpline numbers provided by the Registrar for guidance on the Application process and resolution of difficulties are (gautamgems.rights@kfintech.com/ +91 1-800-309-4001).

Minimum Subscription

The objects of the Issue are meeting the Working Capital Requirements and General Corporate Purpose, and do not involve financing of capital expenditure for a project.

Further, our Promoters and Promoter Group have undertaken that they will subscribe to the full extent of their Rights Entitlements and that they shall not renounce their Rights Entitlements (except to the extent of renunciation by any of them in favour of any other Promoter or member of the Promoter Group) subject to the aggregate shareholding of our Promoters and Promoter Group being compliant with the minimum public shareholding requirements under the SCRR and the SEBI Listing Regulations.

Accordingly, in terms of Regulation 86(1) of the SEBI ICDR Regulations, the requirement of minimum subscription is not applicable to the Issue.

SECTION VII – ISSUE RELATED INFORMATION TERMS OF THE ISSUE

This section is for the information of the Eligible Equity Shareholders proposing to apply in this Issue. The Eligible Equity Shareholders should carefully read the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. The Eligible Equity Shareholders are advised to make their independent investigation and ensure that the Application Form is accurately filled up in accordance with instructions provided therein and this Letter of Offer. Unless otherwise permitted under the SEBI ICDR Regulations read with the SEBI Relaxation Circulars, the Eligible Equity Shareholders proposing to apply in this Issue can apply only through ASBA.

Further, SEBI has pursuant to the SEBI Rights Issue Circular stated that in the event there are physical shareholders who have not been able to open a demat account pursuant to the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 or are unable to communicate their demat account details to our Company or the Registrar for credit of Rights Entitlements, such physical shareholders may be allowed to submit their Application. For more details, please see 'Making Application by Eligible Equity Shareholders holding Equity Shares in physical form' beginning on page 164.

This Issue is proposed to be undertaken on a rights basis and is subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, the FEMA, the FEMA Rules, the SEBI ICDR Regulations, the SEBI Listing Regulations and the guidelines, notifications, circulars and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with Stock Exchanges and the terms and conditions as stipulated in the Allotment Advice.

I. DISPATCH AND AVAILABILITY OF ISSUE MATERIALS

In accordance with the SEBI ICDR Regulations, the SEBI Relaxation Circulars, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e- mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, the Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Shareholders can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Equity Shares under applicable laws) on the websites of:

(i) our Company at www.gautamgems.com;
(ii) the Registrar at www.kfintech.com; and
(iii) the Stock Exchange at www.bseindia.com

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (*i.e.,* www.kfintech.com) by entering their DP ID and Client ID or Folio Number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (*i.e.*, www.gautamgems.com).

Please note that neither our Company nor the Registrar shall be responsible for non-dispatch of physical copies of Issue materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement

Letter and the Application Form or delay in the receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

The distribution of this Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer is being filed with the Stock Exchanges. Accordingly, the Rights Entitlements and Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorized or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates or their respective affiliates to any filing or registration requirement (other than in India). If this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who makes an application to acquire Rights Entitlements and the Equity Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is authorized to acquire the Rights Entitlements and the Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates or their respective affiliates to make any filing or registration (other than in India).

II. PROCESS OF MAKING AN APPLICATION IN THE ISSUE

In accordance with Regulation 76 of the SEBI ICDR Regulations, the SEBI Rights Issue Circulars and the ASBA Circulars, all Eligible Shareholders desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Eligible Shareholders should carefully read the provisions applicable to such Applications before making their Application through ASBA. For details, see 'Making of an Application through the ASBA Process' beginning on page 161 of this Letter of Offer.

The Application Form can be used by the Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue basis the Rights Entitlement credited in their respective demat accounts or demat suspense escrow account, as applicable. For further details on the Rights Entitlements and demat suspense escrow account, see "*Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*" below.

Please note that one single Application Form shall be used by Shareholders to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable. In case of Shareholders who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Shareholders will have to apply for the Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Shareholders are required to submit a separate Application Form for each demat account.

Shareholders may apply for the Equity Shares by submitting the Application Form to the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Shareholders are also advised to ensure that the Application Form is correctly filled up stating therein the ASBA Account in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB.

Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Please note that incorrect depository account details or PAN or Application Forms without depository account details shall be treated as incomplete and shall be rejected. For details see "*Grounds for Technical Rejection*" below. Our Company, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, the Eligible Equity Shareholders may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application and that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see "- *Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process"* below.

- **Options available to the Eligible Equity Shareholders**

The Rights Entitlement Letter will clearly indicate the number of Equity Shares that the Eligible Equity Shareholder is entitled to

If the Eligible Equity Shareholder applies in this Issue, then such Eligible Equity Shareholder can:

i. apply for its Equity Shares to the full extent of its Rights Entitlements; or
ii. apply for its Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or
iii. apply for Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or
iv. apply for its Equity Shares to the full extent of its Rights Entitlements and apply for additional Equity Shares; or
v. renounce its Rights Entitlements in full.

Making of an Application through the ASBA process

Eligible Shareholders, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application. Shareholders desiring to make an Application in this Issue through ASBA process, may submit the Application Form in physical mode to the Designated Branches of the SCSB or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Eligible Shareholders should ensure that they have correctly submitted the Application Form and have provided an authorisation to the SCSB, *via* the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34.

Please note that subject to SCSBs complying with the requirements of the SEBI circular bearing reference number CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs. Further, in terms of the SEBI circular bearing reference number CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

Our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Eligible Shareholders may apply for the Issue Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Eligible Shareholders while applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein the ASBA Account in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB.

Do's for Shareholders applying through ASBA:

a) Ensure that the details about your Depository Participant, PAN and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialized form only.

b) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.

c) Ensure that there are sufficient funds (equal to {number of Equity Shares (including additional Equity Shares) applied for} X {Application Money of Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.

d) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application Form and have signed the same.

e) Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.

f) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.

g) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the 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 Application Form and the Rights Entitlement Letter.

Don'ts for Shareholders applying through ASBA:

(a) Do not apply if you are not eligible to participate in the Issue under securities laws applicable to your jurisdiction.

(b) Do not submit the Application Form after you have submitted a plain paper Application to a designated Branch of the SCSB or *vice versa*.

(c) Do not send your physical Application to the Registrar, the Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not an SCSB), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.

(d) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.

(e) Do not submit Application Form using third party ASBA account.

- **Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process**

An Eligible Equity Shareholder in India who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper in case of non-receipt of Application Form as detailed above. In such cases of non- receipt of the Application Form through e-mail or physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source may make an Application to subscribe to this Issue on plain paper with the same details as per the Application Form that is available on the website of the Registrar, Stock Exchanges. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any Eligible Equity Shareholder who has not provided an Indian address or is a U.S. Person or in the United States.

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

The Application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his/her bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

i. Name of our Company, being Gautam Gems Limited;
ii. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
iii. Folio Number (in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) / DP and Client ID;
iv. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to this Issue
v. Number of Equity Shares held as on Record Date;
vi. Allotment option – only dematerialised form;
vii. Number of Equity Shares entitled to;
viii. Number of Equity Shares applied for within the Rights Entitlements;
ix. Number of additional Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);
x. Total number of Equity Shares applied for;
xi. Total amount paid per Equity Share;
xii. Details of the ASBA Account such as the SCSB account number, name, address and branch of the relevant SCSB;
xiii. In case of non-resident Eligible Equity Shareholders making an application with an Indian address, details of the NRE/FCNR/NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
xiv. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
xv. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB); and
xvi. All such Eligible Equity Shareholders are deemed to have accepted the following:
"I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for Shareholders in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/ We understand and agree that the Rights Entitlement and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/ We (i) am/ are, and the person, if any, for whose account I/ we am/ are acquiring such Rights Entitlement and/ or the Rights Equity Shares is/ are, outside the U.S., (ii) am/ are not a "U.S. Person" as defined in

("Regulation S"), and (iii) is/ are acquiring the Rights Entitlement and/ or the Rights Equity Shares in an offshore transaction meeting the requirements of Regulation S.
I/ We acknowledge that the Company, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

In cases where Multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, as applicable, including cases where a Shareholders submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Shareholders are requested to strictly adhere to these instructions. Failure to do so could result in an application being rejected, with our Company, and the Registrar not having any liability to the Shareholders. The plain paper Application format will be available on the website of the Registrar at www.kfintech.com.

Our Company and the Registrar shall not be responsible if the Applications are not uploaded by the SCSB or funds are not blocked in the Shareholders' ASBA Accounts on or before the Issue Closing Date.

Acceptance of this Issue

Eligible Equity Shareholders may accept this Issue and apply for the Issue Shares submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.

Applications submitted to anyone other than the Designated Branches of the SCSB are liable to be rejected. Investors can also make Application on plain paper under ASBA process mentioning all necessary details as mentioned under the section '***Making of an Application by Eligible Equity Shareholders on plain paper under ASBA Process***' on page 163.

- **Making of an Application by Eligible Equity Shareholders holding Equity Shares in physical form**

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date, shall lapse.

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by e-mail, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two Working Days prior to the Issue Closing Date;

b) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;

c) The remaining procedure for Application shall be same as set out in "- *Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*" mentioned above.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date will not be allowed renounce their Rights Entitlements in the Issue. However, such Eligible Equity Shareholders, where the dematerialized
Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Equity Shares while submitting the Application through ASBA process.

Application for Additional Equity Shares

Shareholders are eligible to apply for additional Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for additional Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in "*Basis of Allotment*" mentioned below.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Equity Shares.

Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for additional Equity Shares.

Additional general instructions for Shareholders in relation to making of an application

a. Please read this Letter of Offer carefully to understand the Application process and applicable settlement process.

b. Please read the instructions on the Application Form sent to you. Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.

c. In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the section "*Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process"* mentioned above.

d. Applications should be submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

e. Applications should not be submitted to the Banker(s) to the Issue or Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not an SCSB), our Company or the Registrar.

f. All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Shareholders for which PAN details have not been verified shall be "suspended for credit" and no Allotment and credit of Equity Shares pursuant to this Issue shall be made into the accounts of such Shareholders.

g. Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation ("**Demographic Details**") are updated, true and correct, in all respects. Shareholders applying under this Issue should note that on the basis of name of the Shareholders, DP ID and Client ID provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Therefore, Shareholders applying under this Issue should carefully fill in their Depository Account details in the Application. These Demographic Details would be used for all

correspondence with such Shareholders including mailing of the letters intimating unblocking of bank account of the respective Shareholders and/or refund. The Demographic Details given by the Shareholders in the Application Form would not be used for any other purposes by the Registrar. Hence, Shareholders are advised to update their Demographic Details as provided to their Depository Participants.

The Allotment Advice and the e-mail intimating unblocking of ASBA Account or refund (if any) would be e-mailed to the address of the Shareholders as per the e-mail address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Equity Shares are not allotted to such Shareholders. Please note that any such delay shall be at the sole risk of the Shareholders and none of our Company, the SCSBs, Registrar shall be liable to compensate the Shareholders for any losses caused 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, (a) names of the Shareholders (including the order of names of joint holders), (b) DP ID, and (c) Client ID, then such Application Forms are liable to be rejected.

h. By signing the Application Forms, Shareholders would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

i. For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Shareholders must sign the Application as per the specimen signature recorded with the SCSB.

j. Shareholders should provide correct DP ID and Client ID/ Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) while submitting the Application. Such DP ID and Client ID/ Folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected. Shareholders will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, SCSBs or the Registrar will not be liable for any such rejections.

k. In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.

l. All communication in connection with Application for the Equity Shares, including any change in contact details of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP ID and Client ID and Application Form number, as applicable. In case of any change in contact details of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.

m. Shareholders are required to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.

n. Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.

o. Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

p. Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.

q. Do not pay the Application Money in cash, by money order, pay order or postal order.

r. Do not submit multiple Applications.

s. No investment under the FDI route (i.e any investment which would result in the Shareholders holding 10% or

more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the Shareholders to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. Our Company will not be responsible for any allotments made by relying on such approvals.

t. An Applicant being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as a incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019.

- **Grounds for Technical Rejection**

Applications made in this Issue are liable to be rejected on the following grounds:

(a) DP ID and Client ID mentioned in Application does not match with the DP ID and Client ID records available with the Registrar.

(b) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.

(c) Sending an Application to our Company, Registrar, Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB.

(d) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.

(e) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.

(f) Account holder not signing the Application or declaration mentioned therein.

(g) Submission of more than one Application Form for Rights Entitlements available in a particular demat account.

(h) Multiple Application Forms, including cases where a Shareholders submits Application Forms along with a plain paper Application.

(i) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).

(j) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the Demographic Details provided by the Depositories.

(k) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.

(l) Application Forms which are not submitted by the Shareholders within the time periods prescribed in the Application Form and this Letter of Offer.

(m) Physical Application Forms not duly signed by the sole or joint Shareholders, as applicable.

(n) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand s.

(o) If a Shareholders is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Shareholders to subscribe to their Rights Entitlements.

(p) Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (other than from persons in the United States who are U.S. QIBs and QPs) or other jurisdictions where the offer and sale of the Equity Shares is not permitted under

laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) both a U.S. QIB and a QP, if in the United States or a U.S. Person or (b) outside the United States and is a non-U.S. Person, and in each case such person is eligible to subscribe for the Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; and our Company shall not be bound to issue or allot any Equity Shares in respect of any such Application Form.

(q) Applications which have evidence of being executed or made in contravention of applicable securities laws.

(r) Application from Shareholders that are residing in U.S. address as per the depository records (other than from persons in the United States who are U.S. QIBs and QPs).

- **Multiple Applications**

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Shareholders and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. Further supplementary Applications in relation to further Equity Shares with/without using additional Rights Entitlement will not be treated as multiple application. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, see "*Procedure for Applications by Mutual Funds*" mentioned below.

In cases where Multiple Application Forms are submitted, including cases where (a) an Shareholders submits Application Forms along with a plain paper Application or (b) multiple plain paper Applications (c) or multiple applications on ASBA, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by any of our Promoter or members of the Promoter Group to meet the minimum subscription requirements applicable to this Issue as described in "*Capital Structure - Intention and extent of participation by our Promoter*" mentioned above.

- **Procedure for Applications by certain categories of Shareholders Procedure for Applications by FPIs**

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, *i.e.*, the individual holding of an FPI (including its Shareholders group (which means multiple entities registered as foreign portfolio Shareholders and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post-Issue Equity Share capital. In case the total holding of an FPI or Shareholders group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or Shareholders group will be re-classified as FDI subject to the conditions as specified by SEBI and RBI in this regard and our Company and the Shareholders will also be required to comply with applicable reporting requirements.

FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. FPIs who wish to participate in the Issue are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iii) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to inter alia the following conditions:

1. such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and

2. prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI.

No investment under the FDI route will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval.

Procedure for Applications by AIFs, FVCIs, VCFs and FDI route

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs. As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Further, venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

No investment under the FDI route (i.e any investment which would result in the Shareholders holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the Shareholders to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. Our Company will not be responsible for any allotments made by relying on such approvals.

Procedure for Applications by NRIs

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in this Issue under applicable securities laws.

As per the FEMA Rules, an NRI or Overseas Citizen of India ("**OCI**") may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, *inter alia*, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid- up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Policy has been recently amended to state that all investments by entities incorporate in a country which shares land border with India or where beneficial owner of an investment into India is situated in or is a citizen of any such country ("**Restricted Shareholders**"), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Rights Equity Shares to Restricted Shareholders will also require prior approval of the Government of India and each Shareholders should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Shareholders shall intimate our Company and the Registrar about such approval within the Issue Period.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Procedure for Applications by Systemically Important Non-Banking Financial Companies ("NBFC-SI")

In case of an application made by NBFC-SI registered with RBI, (a) the certificate of registration issued by RBI under Section 45IA of RBI Act, 1934 and (b) net worth certificates from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Last date for Application

The last date for submission of the duly filled in the Application Form or a plain paper Application is Friday the 30th September, 2022 *i.e.*, Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in this Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Equity Shares hereby offered, as set out in "- *Basis of Allotment*" mentioned on page 179.

Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Please ensure that the Application Form and necessary details are filled in. In place of Application number, Shareholders can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

Withdrawal of Application

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted. However, no Investor, may withdraw their Application post the Issue Closing Date.

Disposal of Application and Application Money

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branches of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form to the Eligible Equity Shareholders upon submission of the Application.

Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Issue Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

III. CREDIT OF RIGHTS ENTITLEMENTS IN DEMAT ACCOUNTS OF ELIGIBLE EQUITY SHAREHOLDERS

- **Rights Entitlements**

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our

Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (*i.e.,* www.kfintech.com) by entering their DP ID and Client ID or Folio Number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (*i.e.*, www.gautamgems.com).

In this regard, our Company has made necessary arrangements with NSDL and CDSL for crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is INE063Z20017. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. Further, if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall get lapsed and shall be extinguished after the Issue Closing Date. No Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Equity Shares offered under Rights Issue for subscribing to the Equity Shares offered under Issue.

If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date, shall lapse. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (*i.e.* www.kfintech.com). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will send this the Letter of Offer and the Abridged Letter of Offer, the Application Form and other applicable Issue materials primarily to email addresses of Eligible Equity Shareholders who have provided an Indian address to our Company. This Letter of Offer will be provided to those who make a request in this regard.

In the event that e-mail addresses of the Eligible Equity Shareholders are not available with our Company or the Eligible Shareholders have not provided valid e-mail addresses to our Company, our Company will dispatch the Abridged Letter of Offer, Application Form and other applicable Issue materials by way of physical delivery as per the applicable laws to those Eligible Equity Shareholders who have provided their Indian address.

This the Letter of Offer, the Abridged Letter of Offer and the Application Form may also be accessed on the websites of the Registrar, our Company through a link contained in the aforementioned email sent to email addresses of Eligible Equity Shareholders (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares and/ or the Rights Entitlements under applicable securities laws) and on the Stock Exchange website. The distribution of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares and/ or the Rights Entitlements on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or

will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer has been filed with SEBI and the Stock Exchange. Accordingly, the Rights Entitlements and Issue Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Issue Shares or the Rights Entitlements, distribute or send this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations. If this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who acquires Rights Entitlements or makes and Application will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, that it is entitled to subscribe for the Issue Shares under the laws of any jurisdiction which apply to such person.

Credit of Rights Entitlements in dematerialised account

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or suspended for debit / credit or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (e) instances where credit of the Rights Entitlements returned/reversed/failed; or (f) Equity Shares, the ownership of which is currently under dispute, including in any court proceedings.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self- attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar account is active to facilitate the aforementioned transfer.

IV. RENUNCIATION AND TRADING OF RIGHTS ENTITLEMENT

- **Renouncees**

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

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- **Renunciation of Rights Entitlements**

This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and *vice versa* shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favor of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchanges or through an off-market transfer.

- **Procedure for Renunciation of Rights Entitlements**

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges (the "**On Market Renunciation**"); or (b) through an off-market transfer (the "**Off Market Renunciation**"), during the Renunciation Period. The Shareholders should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

Shareholders may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Shareholders who intend to trade in the Rights Entitlements should consult their tax advisor or stock-broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Shareholders on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

Payment Schedule of Issue Equity Shares:

- ₹2.75 per Issue Share (including premium of ₹0.25 per Issue Share) shall be payable on Application.
- ₹5.50 per Issue Share (including premium of ₹0.50 per Issue Share) shall be payable on First Call.
- ₹2.75 per Issue Share (including premium of ₹0.25 per Issue Share) shall be payable on Second Call.

Our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Eligible Shareholders.

(a) **On Market Renunciation**

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock-broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN **INE063Z20017** subject to requisite approvals. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1 Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, *i.e.*, from **15th September, 2022** to **26th September, 2022** (both days inclusive).

The Shareholders holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock-brokers by quoting the ISIN **INE063Z20017** and indicating the details of the Rights Entitlements they intend to trade. The Shareholders can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE under automatic order matching mechanism and on 'T+2 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock-broker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

***(b)* Off Market Renunciation**

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date to enable Renouncees to subscribe to the Equity Shares in the Issue.

The Shareholders holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN **INE063Z20017**, the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Shareholders can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

V. MODE OF PAYMENT

All payments against the Application Forms shall be made only through ASBA facility. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility.

In case of Application through the ASBA facility, the Shareholders agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Shareholders's ASBA Account. The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Shareholders in the Application Form does not have sufficient funds equivalent to the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth in this Letter of Offer.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account(s) which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

Mode of payment for Resident Shareholders

All payments on the Application Forms shall be made only through ASBA facility. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Shareholders

As regards the Application by non-resident Shareholders, payment must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by RBI and subject to the following:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-tax Act. However, please note that conditions applicable at the time of original investment in our Company by the Eligible Equity Shareholder including repatriation shall not change and remain the same for subscription in the Issue or subscription pursuant to renunciation in the Issue.

2. Subject to the above, in case Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.

3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.

5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.
6. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for additional Equity Shares.

- **Fractional Entitlements**

The Rights Equity Shares are being offered on a rights basis to existing Eligible Equity Shareholders in the ratio of **4** Rights Equity Shares for every **1** Equity Shares held as on the Record Date. As per SEBI Rights Issue Circular, the fractional entitlements are to be ignored. Accordingly, if the shareholding of any of the Eligible Equity Shareholders is less than **1** Equity Shares or is not in the multiple of **1** Equity Shares, the fractional entitlements of such Eligible Equity Shareholders shall be ignored by rounding down of their Rights Entitlements. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the Allotment of one additional Rights Equity Share if they apply for additional Rights Equity Shares over and above their Rights Entitlements, if any, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

- **Ranking**

The Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice. The Equity Shares to be issued and Allotted under this Issue shall rank *pari passu* with the existing Equity Shares, in all respects including dividends.

- **Listing and trading of the Equity Shares to be issued pursuant to this Issue**

Subject to receipt of the listing and trading approvals, the Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges. Unless otherwise permitted by the SEBI ICDR Regulations, the Equity Shares Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principle approval from the BSE through letter bearing reference number **DCS/RIGHT/VJ/FIP/2543/2022-23**. Our Company will

apply to the Stock Exchanges for final approvals for the listing and trading of the Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Equity Shares or the price at which the Equity Shares offered under this Issue will trade after the listing thereof.

The existing Equity Shares are listed and traded on BSE (**Scrip Code: 540936**) under the ISIN: **INE063Z01017**. The Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchanges. Upon receipt of such listing and trading approvals, the Equity Shares shall be debited from such temporary ISIN and credited to the new ISIN for the Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule. In case our Company fails to obtain listing or trading permission from the Stock Exchanges, our Company shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within three days of receipt of intimation from the Stock Exchanges, rejecting the application for listing of the Equity Shares, and if any such money is not refunded/ unblocked within three days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the fourth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

Subscription to this Issue by our Promoter and members of the Promoter Group

For details of the intent and extent of subscription by our Promoter and members of the Promoter Group, see "*Capital Structure - Intention and extent of participation by our Promoter*" mentioned above.

- **Rights of Holders of Equity Shares of our Company**

Subject to applicable laws, Shareholders who have been Allotted Equity Shares pursuant to the Issue shall have the following rights:

a. The right to receive dividend, if declared;
b. The right to receive surplus on liquidation;
c. The right to receive offers for rights shares and be allotted bonus shares, if announced;
d. The right to free transferability of Equity Shares;
e. The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law and as disclosed in this Letter of Offer; and
f. Such other rights as may be available to a shareholder of a listed public company under the Companies Act,2013, the Memorandum of Association and the Articles of Association.

VII. GENERAL TERMS OF THE ISSUE

- **Market Lot**

The Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for Issue Shares in dematerialised mode is one Equity Share.

- **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 the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Equity Shares offered in this Issue.

- **Nomination**

Nomination facility is available in respect of the Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014. Since

the Allotment is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with the respective DPs of the Shareholders would prevail. Any Shareholders holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

- **Arrangements for Disposal of Odd Lots**

The Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be 1 Equity Shares and hence, no arrangements for disposal of odd lots are required.

- **Notices**

In accordance with the SEBI ICDR Regulations, SEBI Rights Issue Circular, our Company will send, primarily through email, the Abridged Letter of Offer, Application Form and other applicable Issue materials to the email addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company. This Letter of Offer will be provided, primarily through email, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard.

In the event that e-mail addresses of the Eligible Equity Shareholders are not available with our Company or the Eligible Shareholders have not provided valid e-mail addresses to our Company, our Company will dispatch the Abridged Letter of Offer, Application Form and other applicable Issue materials by way of physical delivery as per the applicable laws to those Eligible Equity Shareholders who have provided their Indian address.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation and one regional language newspaper with wide circulation in Mumbai, where our Registered Office is situated.

This Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchange for making the same available on its website.

- **Offer to Non-Resident Eligible Equity Shareholders/Shareholders**

As per Rule 7 of the FEMA Rules, RBI has given general permission to Indian companies to issue Equity Shares to non- resident Equity Shareholders including additional Equity Shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their Rights Entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Shareholders has specific approval from RBI or any other governmental authority, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at www.kfintech.com. It will be the sole responsibility of the Shareholders to ensure that the necessary approval from the RBI or the governmental authority is valid in order to make any investment in the Issue and our Company will not be responsible for any such allotments made by relying on such approvals.

The Abridged Letter of Offer, the Rights Entitlement Letter and Application Form shall be sent only to the Indian addresses of the non-resident Eligible Equity Shareholders on a reasonable efforts basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Equity Shares may be permitted under laws of such jurisdictions, Eligible Equity Shareholders can access this Draft Letter Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Equity Shares under applicable securities laws) from the websites of the Registrar, our Company, and the Stock Exchanges. Further, Application Forms will be made available at Registered and Corporate Office of our Company for the non-resident Indian Applicants. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment. The Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Equity Shares are issued on rights basis.

In case of change of status of holders, *i.e.,* from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies ("**OCBs**") have been derecognized as an eligible class of Shareholders and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs) Regulations, 2003. Any Shareholders being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non- Debt Instrument) Rules, 2019.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar and our Company by submitting their respective copies of self- attested proof of address, passport, etc. at www.kfintech.com.

ALLOTMENT OF THE EQUITY SHARES IN DEMATERIALIZED FORM

PLEASE NOTE THAT THE EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH SHAREHOLDERS ON THE RECORD DATE. FOR DETAILS, SEE "ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS" AS MENTIONED ABOVE ON PAGE NO. 180

Payment Schedule of Rights Equity Shares

The Issue Price of Rs. 11 per Rights Equity Share (including premium of Re. 1 per Rights Equity Share) shall be payable as follows:

(Amount in Rs.)

Amount payable per Rights Equity Shares (1)	Face Value	Premium	Total
On Application (2)	2.5	0.25	2.75
One or more subsequent Call(s) as determined by our Board/ Committee at its sole discretion, from time to time (3)	7.5	0.75	8.25
Total	**10**	**1**	**11**

(1) For further details on Payment Schedule, see "Terms of the Issue" on page 159.
(2) Constitutes 25.00 % of the Issue Price
(3) Constitutes 75.00% of the Issue Price

Rights Equity Shares in respect of which the Call payable remains unpaid may be forfeited, at any time after the due date for payment of the balance amount due in accordance with the Companies Act, 2013 and our Articles of Association.

Where an Applicant has applied for additional Rights Equity Shares and is allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/ blocked shall be refunded/ unblocked. The un-blocking of ASBA funds / refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

Record date for Call and suspension of trading

Our Company would fix a Call Record Date giving notice, in advance of such period as may be prescribed under applicable law, to the Stock Exchanges for the purpose of determining the list of holders of the Rights Equity Shares to whom the notice for the Call would be sent. Once the Call Record Date has been fixed, trading in the Rights Equity Shares for which the call has been made may be suspended prior to the Call Record Date.

Procedure for Call for Rights Equity Shares

Our Company would convene a meeting of the Board of Directors to pass the required resolutions for making the Call and suitable intimation would be given by our Company to the Stock Exchanges. Further, advertisements for the same will be published in (i) one English national daily newspaper; (ii) one Hindi language national daily

newspaper; and (iii) one Gujarati language daily newspaper (Gujarati being the regional language of Gujarat, where our Registered Office is situated), all with wide circulation. The Call shall be deemed to have been made at the time when the resolution authorising such Call is passed at the meeting of our Board. The Call may be revoked or postponed at the discretion of the Board.

Pursuant to the provisions of the Articles of Association, the Investors would be given at least 15 days' notice for the payment of the Call. The Board may, from time to time at its discretion, extend the time fixed for the payments of the Call. Our Company, at its sole discretion and as it may deem fit, may send one or more reminders for the Call, and if it does not receive the Call Monies as per the timelines stipulated unless extended by the Board, the defaulting holders of the Rights Equity Shares will be liable to pay interest as may be fixed by the Board unless waived or our Company may forfeit the Application Money and any Call Money received for previous Call made.

Payment of Call Money

In accordance with the SEBI circular SEBI/HO/CFD/DIL1/CIR/238/2020 dated December 8, 2020 regarding additional payment mechanism (i.e. ASBA, etc.) for payment of balance money in call for partly paid specified securities issued by the listed entity, the holders of Rights Equity Shares may make payment of the Call Monies using ASBA Mechanism through the Designated Branch of the SCSB or through online/electronic through the website of the SCSBs (if made available by such SCSB) by authorizing the SCSB to block an amount, equivalent to the amount payable on Call, in the Investor's ASBA Account. The holders of Rights Equity Shares may also use the facility of linked online trading, demat and bank account (3-in-1 type account), if provided by their broker, for making payment of the Call Monies.

VIII. ISSUE SCHEDULE:

ISSUE OPENING DATE	15th September, 2022 (Thursday)
LAST DATE FOR ON MARKET RENUNCIATION OF RIGHTS ENTITLEMENTS#	26th September, 2022 (Monday)
ISSUE CLOSING DATE*	30th September, 2022 (Friday)
FINALISATION OF BASIS OF ALLOTMENT (ON OR ABOUT)	11th October, 2022 (Tuesday)
DATE OF ALLOTMENT (ON OR ABOUT)	12th October, 2022 (Wednesday)
DATE OF CREDIT (ON OR ABOUT)	14th October, 2022 (Friday)
DATE OF LISTING (ON OR ABOUT)	17th October, 2022 (Monday)

 # Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.
**Our Board or a duly authorized committee thereof will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date, shall lapse.

IX. BASIS OF ALLOTMENT

Subject to the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to allot the Equity Shares in the following order of priority:

a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Equity Shares renounced in their favour, in full or in part.

b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one additional Equity Share each if they apply for additional Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Equity Shares after allotment under (a) above. If number of Equity Shares required for Allotment under this head are more than the number of Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.

c) Allotment to the Eligible Equity Shareholders who having applied for all the Equity Shares offered to them as part of this Issue, have also applied for additional Equity Shares. The Allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.

d) Allotment to Renouncees who having applied for all the Equity Shares renounced in their favour, have applied for additional Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.

e) Allotment to any other person, subject to applicable laws, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

In the event of over subscription, Allotment shall be made within the overall size of the Issue.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Shareholders who have been allocated Equity Shares in this Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for this Issue, for each successful Application;

2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and

3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

X. ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS

Our Company will issue/ dispatch Allotment advice, refund intimations or demat credit of securities and/or letters of regret, only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, Allotment advice, refund intimations or demat credit of securities and/or letters of regret will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Allotment advice, refund intimations or demat credit of securities and/or letters of regret will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them; along with crediting the Allotted Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of on or before T+1 day (T: Basis of allotment day). In case of failure to do so, our Company and our Directors who are officers in default" shall pay interest at 15% p.a. and such other rate as specified under applicable law from the expiry of such 3 days' period.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through an e-mail, to the e-mail address provided to our Company or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, unblocking and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for additional Equity Shares in the Issue and is Allotted a lesser number of Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The unblocking of ASBA funds/ refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

Separate ISIN for Rights Equity Shares

In addition to the present ISIN for the existing Equity Shares, our Company would obtain a separate ISIN for the Rights Equity Shares for each Call, until fully paid-up. The Rights Equity Shares offered under this Issue will be traded under a separate ISIN after each Call for the period as may be applicable under the rules and regulations prior to the record date for the final Call Notice. The ISIN representing the Rights Equity Shares will be terminated after the Call Record Date for the final Call. On payment of the final Call Money in respect of the Rights Equity Shares, such Rights Equity Shares would be fully paid-up and merged with the existing ISIN of our Equity Shares.

Credit and Transfer of the Rights Equity Shares in case of the Eligible Equity Shareholders holding the Equity Shares in physical form and treatment of such Rights Equity Shares for non-receipt of demat account details in a timely manner

In case of allotment to the Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date, have paid the Application Money and have not provided the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, the following procedure shall be adhered to:

a. The Registrar shall send Allotment advice and credit the Rights Equity Shares to a demat suspense account to be opened by our Company;

b. Within 6 months from the Allotment Date, such Eligible Equity Shareholders shall be required to send a communication to our Company or the Registrar containing the name(s), Indian address, email address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by post, speed post, courier, electronic mail or hand delivery;

c. Our Company (with the assistance of the Registrar) shall, after verification of the details of such demat account by the Registrar, transfer the Rights Equity Shares from the demat suspense account to the demat accounts of such Eligible Equity Shareholders;

d. In case of non-receipt of details of demat account as per (b) above, our Company shall conduct a sale of such Rights Equity Shares lying in the demat suspense account on the floor of the Stock Exchange at the prevailing market price and remit the proceeds of such sale (net of brokerage, applicable taxes and administrative and incidental charges) to the bank account mentioned by the resident Eligible Equity Shareholders in their respective Application Forms and from which the payment for Application Money was made. In case such bank accounts cannot be identified due to any reason or bounce back from such account, our Company may use payment mechanisms such as cheques, demand drafts, etc. to such Eligible Equity Shareholders to remit such proceeds. Such Rights Equity Shares may be sold over such period of time as may be required, depending on liquidity and other market conditions on the floor of the Stock Exchange after the expiry of the period mentioned under (b) above. Therefore, such proceeds (net of brokerage, applicable taxes and administrative and incidental charges) by way of sale of such Rights Equity Shares may be higher or lower than the amount paid by such Eligible Equity Shareholders at the time of subscribing such shares;

e. Our Company shall send reminder notices seeking the requisite details of demat account prior to expiry of time period under (b) above, in due course, to such resident Eligible Equity Shareholders who have not provided the requisite details. After expiry of time period under (b) above, our Company or the Registrar shall not accept any requests by such Eligible Equity Shareholders for updating the details of demat account under any circumstances, including in case of failure to sell such Rights Equity Shares; After the consummation of the sale of Rights Equity Shares on the floor of the Stock Exchanges, our Company shall send an intimation to the

respective Eligible Equity Shareholders, giving details of such sale, including the sale price and break- up of net brokerage, taxes and administrative and incidental charges;

f. If at the time of transfer of sale proceeds for default cases, the bank account from which Application Money was received is closed or non-operational, such sale proceeds will be transferred to IEPF in accordance with practice on Equity Shares and as per applicable law; and

g. In case the details of demat account provided by the Eligible Equity Shareholders are not of his/ her own demat account, the Rights Equity Shares shall be subject to sale process specified under (d) above.

Notes:

1. Our Company will open a separate demat suspense account to credit the Rights Equity Shares in respect of such Eligible Equity Shareholders who hold the Equity Shares in physical form as on at least two Working Days prior to the Issue Closing Date. Our Company, with the assistance of the Registrar, will initiate transfer of such Rights Equity Shares from the demat suspense account to the demat account of such Eligible Equity Shareholders, upon receipt of details of demat accounts from the Eligible Equity Shareholders.

2. The Eligible Equity Shareholders cannot trade in such Rights Equity Shares until the receipt of demat account details and transfer to such Eligible Equity Shareholders' respective account.

3. There will be no voting rights against such Rights Equity Shares kept in the demat suspense account. However, the respective Eligible Equity Shareholders will be eligible to receive dividends, if declared, in respect of such Rights Equity Shares on the Rights Equity Shares, as permitted under applicable laws.

4. Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of buying or selling of Rights Equity Shares or Rights Entitlements. The Eligible Equity Shareholders should obtain their own independent tax and legal advice and may not rely on our Company or any of their affiliates including any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates when evaluating the tax consequences in relation to the Rights Equity Shares (including but not limited to any applicable short-term capital gains tax, or any other applicable taxes or charges in case of any gains made by such Eligible Equity Shareholders from the sale of such Rights Equity Shares).

5. Our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not be liable in any manner and not be responsible for acts, mistakes, errors, omissions and commissions, etc., in relation to any delay in furnishing details of demat account by such Eligible Equity Shareholders, any resultant loss to the Eligible Equity Shareholders due to sale of the Rights Equity Shares, if such details are not correct, demat account is frozen or not active or in case of non- availability of details of bank account of such Eligible Equity Shareholders, profit or loss to such Eligible Equity Shareholders due to aforesaid process, tax deductions or other costs charged by our Company, or on account of aforesaid process in any manner.

XI. PAYMENT OF REFUND

- **Mode of making refunds**

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes:

a) Unblocking amounts blocked using ASBA facility.

b) NACH – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

c) National Electronic Fund Transfer **("NEFT")** – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code **("IFSC Code")**, which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine-digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant 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 Investors through this method.

d) Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.

e) RTGS – If the refund amount exceeds ₹ 2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.

f) For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favor of the sole/first Investor and payable at par.

g) Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

Refund payment to non-residents

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

XII. ALLOTMENT ADVICE OR DEMAT CREDIT OF SECURITIES

- **Receipt of the Equity Shares in Dematerialized Form**

The demat credit of securities to the respective beneficiary accounts or the demat suspense account (pending receipt of demat account details for Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, etc.) will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

PLEASE NOTE THAT THE EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH SHAREHOLDERS ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE.

Shareholders shall be allotted the Equity Shares in dematerialized (electronic) form.

SHAREHOLDERS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Equity Shares in this Issue in the dematerialized form is as under:

- Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Shareholders having various folios in our Company with

different joint holders, the Shareholders will have to open separate accounts for such holdings. Those Shareholders who have already opened such beneficiary account(s) need not adhere to this step.

- It should be ensured that the depository account is in the name(s) of the Shareholders and the names are in the same order as in the records of our Company or the Depositories.

- The responsibility for correctness of information filled in the Application Form *vis-a- vis* such information with the Shareholders's depository participant, would rest with the Shareholders. Shareholders should ensure that the names of the Shareholders and the order in which they appear in Application Form should be the same as registered with the Shareholders's depository participant.

- If incomplete or incorrect beneficiary account details are given in the Application Form, the Shareholders will not get any Equity Shares and the Application Form will be rejected.

- The Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, *etc*.). Allotment advice, refund order (if any) would be sent directly to the Applicant by e-mail and, if the printing is feasible, through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Equity Shares to the Applicant's depository account.

- Non-transferable Allotment advice/ refund intimation will be directly sent to the Shareholders by the Registrar, by e-mail and, if the printing is feasible, through physical dispatch.

- Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

XIII. IMPERSONATION

As a matter of abundant caution, attention of the Shareholders is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who
a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least Rs. 10 Lakhs or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than Rs. 10 Lakhs or 1% of the turnover of the company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to Rs. 50 Lakhs or with both.

XIV. UTILISATION OF ISSUE PROCEEDS

Our Board declares that:

A. All monies received out of this Issue shall be transferred to a separate bank account;

B. Details of all monies utilized out of this Issue referred to under (A) above 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 utilized;

C. Details of all unutilized monies out of this Issue referred to under (A) above, 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; and

D. Our Company may utilize the funds collected in the Issue only after final listing and trading approvals for the Rights Equity Shares Allotted in the Issue is received.

XV. UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

i. The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.

ii. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Rights Equity Shares are to be listed will be taken within the time prescribed by the SEBI.

iii. The funds required for making refunds to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.

iv. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.

v. In case of unblocking of the application amount for unsuccessful Applicants or part of the application amount in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.

vi. Adequate arrangements shall be made to collect all ASBA Applications.

vii. At any given time, there shall be only one denomination for the Rights Equity Shares of our Company.

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

ix. Our Company accepts full responsibility for the accuracy of information given in this Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.

XVI. SHAREHOLDERS GRIEVANCES, COMMUNICATION AND IMPORTANT LINKS

1) Please read this Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise, the Application is liable to be rejected.

2) All enquiries in connection with this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or Application Form must be addressed (quoting the Registered Folio Number in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and super scribed "**Gautam Gems Limited – Rights Issue"** on the envelope and postmarked in India or in the e- mail) to the Registrar at the following address:

Name	: **KFIN TECHNOLOGIES LIMITED**
Address	: Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi -500 032, Telangana, India
Tel No.	: +91 40 6716 2222/ 1-800-309-4001
Toll Free No.	: 1800-309-4001
Email Id	: gautamgems.rights@kfintech.com
Investor grievance e-mail	: einward.ris@kfintech.com

Contact Person	: Mr. M Murali Krishna
Website	: www.kfintech.com
SEBI Registration No.	: INR000000221

3) In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated Shareholders helpdesk for guidance on the Application process and resolution of difficulties faced by the Shareholders will be available on the website of the Registrar www.kfintech.com. Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is +91 22 2301 2518 / 8261.

4) The Shareholders can visit www.kfintech.com for the below-mentioned purposes also:

   i. Frequently asked questions and online/ electronic dedicated Shareholders helpdesk for guidance on the Application process and resolution of difficulties faced by the Shareholders.

   ii. Updation of Indian address/ e-mail address/ phone or mobile number in the records maintained by the Registrar or our Company.

   iii. Updation of demat account details by Eligible Equity Shareholders holding shares in physical form.

   iv. Submission of self-attested PAN, client master sheet and demat account details by non- resident Eligible Equity Shareholders.

This Issue will remain open for a minimum 15 days. However, our Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Closing Date).

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, 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. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the FIPB. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the 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. Accordingly, the process for foreign direct investment ("**FDI**") and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the "Department of Industrial Policy and Promotion") ("**DPIIT**"), Ministry of Finance, Department of Economic Affairs, FIPB section, through a memorandum dated June 5, 2017, has notified the specific ministries handling relevant sectors.

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2020 ("**FDI Circular 2020**"), which, with effect from October 15, 2020, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Circular 2020 will be valid until the DPIIT issues an updated circular.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict, the relevant notification under Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 will prevail. The payment of inward remittance and reporting requirements are stipulated under the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 issued by RBI The FDI Circular 2020, issued by the DPIIT, consolidates the policy framework in place as on October 15, 2020, and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the Takeover Regulations; (ii) the non- resident shareholding is within the sectorial limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

No investment under the FDI route (i.e any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. Our Company will not be responsible for any allotments made by relying on such approvals.

Please also note that pursuant to Circular no. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies ("**OCBs**") have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as a incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019. Further, while investing in the Issue, the Investors are deemed to have obtained the necessary approvals, as required, under applicable laws and the obligation to obtain such approvals shall be upon the Investors. Our Company shall not be under an obligation to obtain any approval under any of the applicable laws on behalf of the Investors and shall not be liable in case of failure on part of the Investors to obtain such approvals.

The above information is given for the benefit of the Applicants / Investors. Our Company are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

SECTION VIII – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following material documents and contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years prior to the date of this Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of these documents for inspection referred to hereunder, will be made available at our Registered Office between 10:30 a.m. to 5:00 p.m. on all working days from the date of this Letter of Offer until the Issue Closing Date.

A. Material Contracts for the Issue

1. Registrar Agreement dated May 23, 2022 between our Company and the Registrar to the Issue.
2. Bankers to the Issue Agreement dated 01st August, 2022 among our Company, the Registrar to the Issue and the Bankers to the Issue.
3. Tripartite Agreement between our Company, NSDL and the Registrar to the Company.
4. Tripartite Agreement between our Company, CDSL and Registrar to the Company.

B. Material Documents in Relation to the Issue

1. Certified copies of the updated Memorandum of Association and Articles of Association of our Company.
2. Certificate of Incorporation dated February 18, 2014 under the name of "Gautam Gems Private Limited" was issued by the Registrar of Companies, Gujarat, Dadra and Nagar Havelli.
3. Fresh Certificate of Incorporation dated August 16, 2017 under the name of "Gautam Gems Limited" was issued by the Registrar of Companies, Gujarat, Dadra and Nagar Havelli upon name change of the company.
4. Copy of the Board Resolution dated January 28, 2022 approving the Rights Issue.
5. Copy of the Extra Ordinary General Meeting dated March 03, 2022 approving the Rights Issue.
6. Copy of the Resolutions of our Board dated May 31, 2022 approving and adopting the Draft Letter of Offer.
7. Copy of the Resolution of our Committee of Directors dated 20th August, 2022 finalizing the terms of the Issue including Issue Price, Record Date and the Rights Entitlement Ratio.
8. Gautam Gems Limited Prospectus dated January 17, 2018.
9. Consents of our Promoters, Directors, Company Secretary and Compliance Officer, Statutory Auditor, Bankers to our Company, Bankers to the Issue, Legal Advisor to the Issue and the Registrar to the Issue for inclusion of their names in this Letter of Offer to act in their respective capacities.
10. Copy of audited reports for the 5 years.
11. Peer Review/ Independent Auditor`s Report date May 31, 2022 issued by M/s Bhagat & Co., Chartered Accountants, on the Restated Financial Statements for the financial years ending March 31, 2022, 2021, 2020 and 2019 of our Company.
12. Statement of Tax Benefits dated May 31, 2022 issued by M/s Bhagat & Co., Chartered Accountants, Chartered Accountants, Independent Peer Review Certified Auditor to the Company and Shareholders.
13. In-principal approval issued by the BSE dated September 9, 2022.

Any of the contracts or documents mentioned in this Letter of Offer 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 notice to the Shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We hereby declare that all relevant provisions of the Companies Act and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India Act, 1992 or the rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all statements in this Letter of Offer are true and correct.

Name of the Directors & KMP's	**Signature**
Mr. Gautam P Sheth **Managing Director** **DIN No.: 06748854**	S/d
Mrs. Nidhi G Sheth **Whole-Time Director** **DIN No.: 06748877**	S//d
Mrs. Kanchanben P Sheth **Executive Director** **DIN No.: 06748900**	S/d
Mr. Prakash N Mehta **Non-Executive Independent Director** **DIN No.: 07919440**	S/d
Mr. Umeshbhai R Gor **Non-Executive Independent Director** **DIN No.: 08845586**	S/d
Mr. Pravin M Parekh **Professional Non-Executive Director** **DIN No.: 07919428**	S/d
Mr. Harshit H Vadecha **Non-Executive Independent Director** **DIN No.: 08463595**	S/d
Mr. Samir Lalitbhai Shah **Chief Financial Officer**	S/d
Mr. Anil Modhavadiya **Company Secretary & Compliance Officer**	S/d

Place: Surat
Date: 20th August, 2022