



## VAIBHAV GEMS LIMITED

**AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31ST MARCH 2006**

| (Rs. in Lacs) |  |                  |                 |                 |                  |                  |                  |                 |
|---------------|--|------------------|-----------------|-----------------|------------------|------------------|------------------|-----------------|
| Sr. No.       | Particulars  | Standalone       |                 |                 |                  |                  | Consolidated     |                 |
|               |  | Nine Month Ended | Quarter Ended   |                 | Year Ended       |                  | As per AS-21     |                 |
|               |  | 31-Dec-05        | 31-Mar-06       | 31-Mar-05       | 31-Mar-06        | 31-Mar-05        | 31-Mar-06        | 31-Mar-05       |
|               |  | (Unaudited)      | (Unaudited)     | (Unaudited)     | (Audited)        | (Audited)        | (Audited)        | (Audited)       |
| 1.            | Income from Operations   | 16,879.85        | 5,066.66        | 3,677.99        | 21,946.51        | 16,771.17        | 29,745.65        | 16,771.17       |
| 2.            | Other Income   | 2.74             | 190.17          | 12.88           | 192.91           | 29.02            | 215.37           | 14.81           |
| 3.            | Exchange Gains (Net)   | 39.39            | (3.32)          | (41.00)         | 36.07            | 81.78            | 22.69            | 93.82           |
|               | <b>Total Income (A)</b>  | <b>16,921.98</b> | <b>5,253.51</b> | <b>3,649.87</b> | <b>22,175.49</b> | <b>16,881.97</b> | <b>29,983.72</b> | 16,879.80       |
| 4.            | Total Expenditure  |                  |                 |                 |                  |                  |                  |                 |
|               | a. Decrease / (Increase) in stock in trade                       | (1,353.52)       | 1,254.95        | 4.76            | (98.57)          | (9.47)           | (5,447.74)       | (9.47)          |
|               | b. Material Costs  | 14,230.17        | 1,296.38        | 2,526.55        | 15,526.55        | 13,336.31        | 25,811.47        | 13,311.26       |
|               | c. Employees Cost  | 793.12           | 344.01          | 194.47          | 1,137.13         | 728.33           | 1,947.58         | 732.14          |
|               | d. Other expenditure   | 1,109.64         | 384.43          | 275.58          | 1,494.07         | 1,126.82         | 3,220.03         | 1,091.38        |
|               | <b>Total Expenditure (B)</b>                                     | <b>14,779.41</b> | <b>3,279.77</b> | <b>3,001.36</b> | <b>18,059.18</b> | <b>15,181.99</b> | <b>25,531.33</b> | 15,125.31       |
| 5.            | Interest   | 110.55           | 148.85          | 44.75           | 259.40           | 78.84            | 368.21           | 163.53          |
| 6.            | Depreciation   | 116.01           | 36.64           | 36.10           | 152.65           | 122.90           | 278.08           | 128.85          |
| 7.            | <b>Profit before tax (A-B)</b>                                   | <b>1,916.01</b>  | <b>1,788.25</b> | <b>567.66</b>   | <b>3,704.26</b>  | <b>1,498.24</b>  | <b>3,806.09</b>  | <b>1,462.11</b> |
| 8.            | Provision for Taxation   | 10.00            | 28.50           | (3.70)          | 38.50            | 0.30             | 199.23           | 0.32            |
| 9.            | Deferred Tax Charge/(Credit)                                     | 42.68            | (9.11)          | (10.86)         | 33.57            | (12.16)          | 33.57            | (12.16)         |
| 10.           | Minority Interest  | -                | -               | -               | -                | -                | 12.90            | -               |
| 11.           | <b>Net Profit / (Loss)</b>                                       | <b>1,863.33</b>  | <b>1,768.86</b> | <b>582.22</b>   | <b>3,632.19</b>  | <b>1,510.10</b>  | <b>3,560.39</b>  | <b>1,473.95</b> |
| 12.           | Paid up Equity Share Capital                                     | 1,056.06         | 2,758.79        | 1,056.06        | 2,758.79         | 1,056.06         | 2,758.79         | 1,056.06        |
|               | (Face value per share Rs. 10/-)                                  |                  |                 |                 |                  |                  |                  |                 |
| 13.           | Reserve excluding revaluation reserves                           | N.A.             | N.A.            | N.A.            | 57,796.73        | 5,337.12         | 57,813.59        | 5,268.85        |
| 14.           | Weighted Average adjusted Basic and diluted EPS (Not Annualised) | 14.17            | 13.45           | 5.51            | 27.62            | 14.30            | 27.07            | 13.96           |

|     |   |           |            |           |            |           |            |           |
|-----|---|-----------|------------|-----------|------------|-----------|------------|-----------|
| 15. | Aggregate of Non-Promoters Shareholding |           |            |           |            |           |            |           |
|     | a. Number of Shares                     | 6,188,831 | 16,904,904 | 3,293,287 | 16,904,904 | 3,293,287 | 16,904,904 | 3,293,287 |
|     | b. Percentage of Shareholding           | 58.60%    | 61.28%     | 31.18%    | 61.28%     | 31.18%    | 61.28%     | 31.18%    |

**Notes :**

|    |  |
|----|--|
| 1. | No Investor complaints were pending at the beginning at the quarter. 7 complaints have been received and resolved during the quarter.  |
| 2. | The Statement of Audited Financial Results has been approved by the Audit Committee and adopted by the Board of Directors at its meeting held on 30th June 2006.   |
| 3. | The Board has recommended a dividend of 15% for the year 2005-2006 on enhanced capital.  |
| 4. | During the quarter ended 31st March 2006 the Company has allotted: <ul style="list-style-type: none"> <li>950,000 Global Depository Receipts @ USD 73.50 underlying 95,00,000 Equity shares of Rs. 10 each at a premium of Rs. 314.87 per share.</li> <li>7,527,273 Equity Share of Rs.10 at a premium of Rs. 266.80 each on preferential basis to Cortland Investment Limited, a Warburg Pincus Group company.</li> </ul> |
| 5. | During the quarter ended 31.03.2006 the funds raised through GDR and preferential issue as mentioned above have been utilised towards acquisition of overseas companies and other business purposes, balance have been parked in fixed deposit with banks.   |
| 6. | During the year the company has acquired overseas companies as wholly owned subsidiaries situated at USA, Thailand, Hong kong and Japan.   |
| 7. | Figures for corresponding periods have been regrouped / rearranged wherever necessary.   |

K-6B, Adarsh Nagar  
Fateh Tiba  
Jaipur -302 004  
30th June 2006

For and on Behalf of the Board of  
Directors  
SD  
RAHIMULLAH  
Managing Director

**VAIBHAV GEMS LIMITED**  
**AUDITED CONSOLIDATED FINANCIAL RESULTS OF VGL GROUP**  
**FOR THE YEAR ENDED 31ST MARCH 2006**  
**(REFER NOTE NO. 5 HEREIN BELOW)**

| (Rs. in Lacs) |                         |                  |                  |
|---------------|-------------------------|------------------|------------------|
| Sr. No.       | Particulars             | For the year     |                  |
|               |                         | 31-Mar-06        | 31-Mar-05        |
|               |                         | (Audited)        | (Audited)        |
| 1.            | Income from Operations  | 42,146.22        | 16,771.17        |
| 2.            | Other Income            | 312.08           | 14.81            |
| 3.            | Exchange Gains (Net)    | (31.76)          | 93.82            |
|               | <b>Total Income (A)</b> | <b>42,426.54</b> | <b>16,879.80</b> |

|     |  |                  |                  |
|-----|--|------------------|------------------|
| 4.  | Total Expenditure  |                  |                  |
|     | a. Decrease / (Increase) in stock in trade                       | (6,561.39)       | (9.47)           |
|     | b. Material Costs  | 31,209.29        | 13,311.26        |
|     | c. Employees Cost  | 4,408.32         | 732.14           |
|     | d. Other expenditure   | 6,175.54         | 1,091.38         |
|     | <b>Total Expenditure (B)</b>                                     | <b>35,231.76</b> | <b>15,125.31</b> |
| 5.  | Interest   | 768.81           | 163.53           |
| 6.  | Depreciation   | 388.71           | 128.85           |
| 7.  | <b>Profit before tax (A-B)</b>                                   | <b>6,037.26</b>  | <b>1,462.11</b>  |
| 8.  | Provision for Taxation   | 925.18           | 0.32             |
| 9.  | Deferred Tax Charge/(Credit)                                     | 33.57            | (12.16)          |
| 10. | Minority Interest  | 62.84            | -                |
| 11. | <b>Net Profit / (Loss)</b>                                       | <b>5,015.68</b>  | <b>1,473.95</b>  |
| 12. | Paid up Equity Share Capital                                     | 2,758.79         | 1,056.06         |
|     | (Face value per share Rs. 10/-)                                  |                  |                  |
| 13. | Reserve excluding revaluation reserves                           | 57,813.59        | 5,268.85         |
| 14. | Weighted Average adjusted Basic and diluted EPS (Not Annualised) | 38.14            | 13.96            |
| 15. | Aggregate of Non-Promoters Shareholding                          |                  |                  |
|     | a. Number of Shares  | 16,904,904       | 3,293,287        |
|     | b. Percentage of Shareholding                                    | 61.28%           | 31.18%           |

#### Notes :

|    |   |
|----|---|
| 1. | The Statement of Audited Financial Results has been approved by the Audit Committee and adopted by the Board of Directors at its meeting held on 30th June 2006.  |
| 2. | The Board has recommended a dividend of 15% for the year 2005-2006 on enhanced capital.   |
| 3. | During the quarter ended 31st March 2006 the Company has allotted: <ul style="list-style-type: none"> <li>• 950,000 Global Depository Receipts @ USD 73.50 underlying 95,00,000 Equity shares of Rs. 10 each at a premium of Rs. 314.87 per share.</li> <li>• 7,527,273 Equity Share of Rs.10 at a premium of Rs. 266.80 per equity shares on preferential basis to Cortland Investment Limited, a Warburg Pincus Group company.</li> </ul>   |
| 4. | During the quarter ended 31.03.2006 the funds raised through GDR & preferential issue as mentioned above have been utilised towards acquisition of overseas companies and other business purposes, balance have been parked in fixed deposit with banks.  |
| 5. | During the year the company has acquired 100% controlling interest in various overseas companies. Audited Consolidated Accounts for the year as per AS-21 has been prepared, adopted and reported separately. However for the purpose of a better understanding of the company's business operations and for future comparison the management has also adopted the Audited Consolidated Financial statements, considering operations of all such subsidiaries for the whole financial year. |

**VAIBHAV GEMS LIMITED****UNAUDITED SEGMENTWISE REVENUE, RESULTS & CAPITAL EMPLOYED AS PER AS-21 (CONSOLIDATED)  
FOR THE YEAR ENDED 31st MARCH 2006**

| Amount in Rs. |   |                      |                            |                                |                      |                      |
|---------------|---|----------------------|----------------------------|--------------------------------|----------------------|----------------------|
| Sr. No.       | Particulars                               | Wholesale Operation  | Retail Operations (Stores) | Retail Operations (TV Channel) | Elimination          | Total                |
| <b>1.</b>     | <b>Revenue</b>                            |                      |                            |                                |                      |                      |
|               | External Revenue                          | 2,928,449,837        | 46,115,142                 |                                |                      | 2,974,564,980        |
|               | Inter-Segment Revenue                     | 298,133,390          |                            |                                | (298,133,390)        | 0                    |
|               | <b>Total Revenue</b>                      | <b>3,226,583,228</b> | <b>46,115,142</b>          |                                | <b>(298,133,390)</b> | <b>2,974,564,980</b> |
| <b>2.</b>     | <b>Segment Result</b>                     |                      |                            |                                |                      |                      |
|               | Operating Result                          | 438,965,333          | (26,444,391)               | (9,734,031)                    | (4,401,509)          | 398,385,402          |
|               | Interest Income                           |                      |                            |                                |                      | 19,044,969           |
|               | Interest Expenses                         |                      |                            |                                |                      | 36,821,435           |
|               | Profit Before Tax                         |                      |                            |                                |                      | 380,608,937          |
|               | Tax Expenses                              |                      |                            |                                |                      | 23,279,768           |
|               | Net Profit after tax                      |                      |                            |                                |                      | <b>357,329,168</b>   |
| <b>3.</b>     | <b>Other Information</b>                  |                      |                            |                                |                      |                      |
|               | Segment Assets                            | 7,203,215,280        | 276,526,944                | 92,162,450                     |                      | 7,571,904,675        |
|               | Segment Liabilities                       | 901,435,095          | 49,465,080                 | 99,712,937                     |                      | 1,050,613,113        |
|               | Depreciation and Amortization             | 26,742,787           | 1,024,375                  | 40,986                         |                      | 27,808,149           |
|               | Non Cash Expenses other than Depreciation | 1,306,712            |                            |                                |                      | 1,306,712            |

**Notes :**

- Segment has been identified in line with the Accounting Standard on Segment Reporting (AS-17) taking into account the organization structure as well as the differential risks and returns of these segments.
- The Company has disclosed distribution channel as the only reportable segment.
- Inter-Segment revenues are recognized at sales and/or transfer price.
- The Segment Revenues, Results, Assets and Liabilities include the respective amounts identifiable to each of the segment and amounts allocated on reasonable basis. The amounts, which are not allocable to any segment, shown as unallocable under respective heads.

**VAIBHAV GEMS LIMITED**  
**AUDITED SEGMENTWISE REVENUE, RESULTS & CAPITAL EMPLOYED (CONSOLIDATED)**  
**FOR THE YEAR ENDED 31st MARCH 2006**  
 (PLEASE REFER NOTE 5 HEREIN BELOW)

| Amount in Rs. |   |                      |                            |                                |                      |                      |
|---------------|---|----------------------|----------------------------|--------------------------------|----------------------|----------------------|
| Sr. No.       | Particulars                               | Wholesale Operation  | Retail Operations (Stores) | Retail Operations (TV Channel) | Elimination          | Total                |
| <b>1.</b>     | <b>Revenue</b>                            |                      |                            |                                |                      |                      |
|               | External Revenue                          | 4,168,507,350        | 46,115,142                 |                                |                      | 4,214,622,492        |
|               | Inter-Segment Revenue                     | 298,133,390          |                            |                                | (298,133,390)        | -                    |
|               | <b>Total Revenue</b>                      | <b>4,466,640,740</b> | <b>46,115,142</b>          | <b>-</b>                       | <b>(298,133,390)</b> | <b>4,214,622,492</b> |
| <b>2.</b>     | <b>Segment Result</b>                     |                      |                            |                                |                      |                      |
|               | Operating Result                          | 701,998,748          | (26,444,391)               | (9,734,031)                    | (4,401,509)          | 661,418,818          |
|               | Interest Income                           |                      |                            |                                |                      | 19,189,403           |
|               | Interest Expenses                         |                      |                            |                                |                      | 76,880,891           |
|               | Profit Before Tax                         |                      |                            |                                |                      | 603,727,330          |
|               | Tax Expenses                              |                      |                            |                                |                      | 95,874,987           |
|               | Net Profit after tax                      |                      |                            |                                |                      | <b>507,852,343</b>   |
| <b>3.</b>     | <b>Other Information</b>                  |                      |                            |                                |                      |                      |
|               | Segment Assets                            | 7,203,215,280        | 276,526,944                | 92,162,450                     |                      | 7,571,904,675        |
|               | Segment Liabilities                       | 901,435,095          | 49,465,080                 | 99,712,937                     |                      | 1,050,613,113        |
|               | Depreciation and Amortization             | 26,742,787           | 1,024,375                  | 40,986                         |                      | 27,808,149           |
|               | Non Cash Expenses other than Depreciation | 1,306,712            |                            |                                |                      | 1,306,712            |

**Notes :**

1. Segment has been identified in line with the Accounting Standard on Segment Reporting (AS-17) taking into account the organization structure as well as the differential risks and returns of these segments.
2. The Company has disclosed distribution channel as the only reportable segment.
3. Inter-Segment revenues are recognized at sales and/or transfer price.
4. The Segment Revenues, Results, Assets and Liabilities include the respective amounts identifiable to each of the segment and amounts allocated on reasonable basis. The amounts, which are not allocable to any segment, shown as unallocable under respective heads.
5. During the year the company has acquired 100% controlling interest in various overseas companies. Audited Consolidated Segment Results for the year as per AS-21 has been prepared, adopted and reported separately. However for the purpose of a better understanding of the company's business operations and for future comparison the management has also adopted the Audited Consolidated Segmentwise Results, considering operations of all such subsidiaries for the whole financial year.

Fateh Tiba  
Jaipur - 302 004  
30th June 2006

For and on behalf of Board of Directors  
sd

**RAHIMULLAH**  
Managing Director