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G I T A N J A L I G R O U P

GITANJALI GEMS ACQUIRES USA BASED ROGER JEWELLERS

- *The acquisition makes Gitanjali Group the world's premier & largest fully integrated diamond jewellery retailers.*
- *Strengthens unique vertically integrated 'Roughs To Retail' business model*
- *Acquires crucial footprint in North Central and Mid West American market & control over value chain*
- *Rogers has 47 stores across 18 states and revenues of USD 80.6 million*
- *The procurement will increase profits at every level of the supply chain from sourcing to retailing branded diamond jewellery.*
- *The purchase is expected to increase the group's gross margins by 25% across the supply chain.*

Mumbai, November 17, 2007 — The Rs. 2500-crore Gitanjali Group Ltd. India's largest integrated diamond and jewellery manufacturer and retailer, today announced the acquisition of Rogers Jewellers, one of the oldest family run jewellery chains in the USA.

Gitanjali Gems has acquired a 100% stake in the 'Speciality Retailer', which operates 46 stores spread across 11 states in the US with current revenues of USD 80.6 million, for an investment of Rs. 80 crore (\$20 million). The further investment planned over the course of few months is \$ 15 - \$ 20 million.

Rogers Jewellers is the Gitanjali Group's second acquisition after Samuels Jewellers Inc in **December 2006**. The acquisition makes the Gitanjali Group the world's largest and only fully integrated diamond jewellery retailer. It establishes the group's footprint in the US jewellery market, which commands 35% of the global jewellery market, making it a landmark step for the industry. The USA is a predominantly diamond jewellery market, with over 55% of the total jewellery sold being diamond studded jewellery, which fits in well with Gitanjali Gems' manufacturing expertise. With the US accounting for over half the global diamond jewellery sales, it also marks a significant consolidation in Gitanjali's global footprint.

The acquisition will benefit the group, enabling them to manage both, Samuels and Rogers with the same back-end supply chain from India. By providing back-end integration both the chain stores have the unique benefit of cost-efficient sourcing and deeper control of marketing and merchandising.

Mr. Mehul Choksi, Chairman Gitanjali Group added, "A robust retail network is the lifeline to connect with the end consumer completing the whole supply chain. At Gitanjali we will aggressively pursue any such opportunities that will synergize with the company's philosophy to add incremental value to ensuring greater shareholder value and significantly boosting the company's bottom line."

The acquisition is a significant step towards moving up the industry value chain and will offer a range of synergies to Gitanjali's existing operations. Gitanjali will not only have access to a larger US consumer base, but leveraging Rogers's existing retail infrastructure will give Gitanjali control over the entire value chain in the jewellery business. Moreover, Rogers's seasoned management and expert employees will allow for a smoother segue into the US market. Going forward, the acquisition will boost the company's plans to expand its retail presence in India and abroad.

Gitanjali Gems CFO, Mr. G.K. Nair said, "This acquisition is consistent with our objective to conform to a vertically integrated model, one that benefits from all the efficiencies that are realized through control of the entire supply chain, inclusive of retail. Rogers Jewellers is an ideal match to complement our strengths in manufacturing of diamonds and jewellery products. The marriage will breed compounding growth due to the superiority of the business model."

Mr. Nehal Modi, CEO Jewellery Marketing Company Gitanjali's affiliated US operations said, "The industry is ripe for consolidation and all large players must exercise a willingness to initiate the process. This acquisition will strengthen all our future retail endeavours. There are tremendous synergies between our existing US business of servicing the independents, where we are in effect, a value added partner rather than a supplier because of all the support we are offering from marketing services to consulting to organizing the sector through our Leading Jewelers of the World association."

The Rogers Jewellers has a strong reputation for value and service, a dominant market presence and brand awareness. 30% of the groups sales come from repeat customers. Rogers has a considerable presence in the malls across USA.

The Gitanjali Group plans to keep the management and brand equity of both Samuels and Rogers independent. The group aims to create diamond jewellery brands for Samuels and Rogers to provide an added value to the selling proposition and enhance the buying experience for the consumer. **M Choksi added.**

About Gitanjali Group:

Gitanjali Group strategically positions itself as a leading diamond studded jewellery-manufacturing company. Today the group has one of the largest fully integrated diamond and jewellery manufacturing plants in the country. The Group, which has been a pioneer in the branded jewellery industry, has always been at the threshold of boosting the production of quality jewellery, which has obliquely proved to be an excellent, branding and marketing strategy backed by a formidable retailing network - all ensuring the group an enviable advantage in the jewellery arena. The Gitanjali Group is engaged in the business of sourcing rough diamonds, its manufacture, import and export of diamonds, manufacture of plain and diamond studded gold and platinum jewellery and its marketing and domestic retailing. As Jewellery exports form one of the largest contributors to the foreign exchequers, the jewellery major Gitanjali, is one of India's high-end contributors to the foreign exchequer as well as a major player in the domestic market. The very basis of their existence is to successfully develop, produce and sell high-quality jewellery brands worldwide & helps the customers in getting the maximum Value – For – Money in the process

Rogers operates a regional chain of specialty retail fine jewelry stores located primarily in regional shopping malls and lifestyle centers in the Midwest and North Central United States. The company sells fine jewelry items in a wide range of styles and prices, with a principal emphasis on diamonds and gemstones. Rogers services the middle and upper-middle market segment and carries not only nationally branded designs, but also their owns designs under the labels Andre Lazar, Jennifer Morgan, and David Vincent. Rogers currently operates 46 retail stores in 11 states under the trade names Rogers Jewelers and Andrews Jewelers and also sells on line at rogers-jewelers.com and andrews-jewelers.com.

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