

# TRIBHOVANDAS BHIMJI ZAVERI LIMITED

Annual Report  
2012-2013



The original since 1864

TRIBHOVANDAS BHIMJI ZAVERI  
SHRIKANT ZAVERI GROUP

*Leadership through Trust*

### Forward Looking Statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements, written and verbal, that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

# Report Synopsis

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## 6th Annual General Meeting



Day & Date	Time	Venue
Friday, 30th August, 2013	3.30 p.m.	M.C. Ghia Hall 4th Floor, Bhogilal Hargovindas Building 18/20, K. Dubash Marg, Kala Ghoda Mumbai - 400 001.

❖ A 150-year-old heritage is enriched each day at Tribhovandas Bhimji Zaveri Limited (TBZ - the Original), as we continue to offer jewellery innovation to a diverse spectrum of customers. Reinforcing a commitment to excellence.

We are one of India's oldest and leading jewellery retailers, nurturing a tradition of superlative craftsmanship and stakeholder trust.

❖ Our story is more than just corporate performance and balance sheet growth. It is about creating value by investing in emotions and relationships.

We treasure the faith that is reposed in us by customers and all stakeholders.



We will continue to sustain our leadership on the strength of time-honoured trust and quality commitment. For the next 150 years and beyond.





We began our journey with very modest means, but the vision to excel was always there. Today, we have created an iconic identity in India's jewellery landscape by virtue of uncompromising quality and craftsmanship. We are primarily focused on the wedding and fashion segments.

# Achieving more with trust

Tribhovandas Bhimji Zaveri Limited (TBZ - the Original) offers a wide variety of collections of pendants, earrings, bracelets, necklaces, bangles, rings etc in gold, diamond, precious and semi-precious stones and gems. The Company emerged as household name in the jewellery market backed by our strong pedigree, exclusive designs, innovative offerings, widening reach and committed team.

At TBZ, we believe in delighting our customers through unique shopping experience in addition to catering their jewellery demand. Our aim is to spread our horizons across India and globe.

## ₹ 2.55 Lakhs / sq ft

Average revenue across stores per annum (Annualised)



## 80%

Average conversion rate of customer footfalls into sales



## 26

Showrooms spread across India

## 84,493 sq ft

Total carpet area



### India's first credits

- Offered buy-back guarantee on gold jewellery
- Promoted lightweight jewellery

## Delivering what our customers desire

### Different styles



Gold Jewellery, Diamond Jewellery, Precious and Semi-Precious stone studded Jewellery, Platinum Jewellery, Loose Diamond Solitaires, Loose Precious and Semi-precious Stones, Jadau Jewellery

### Made for every occasion



Wedding Jewellery, Festival Jewellery, Daily Wear Jewellery, Jewellery for Personal Occasions

### Product variety

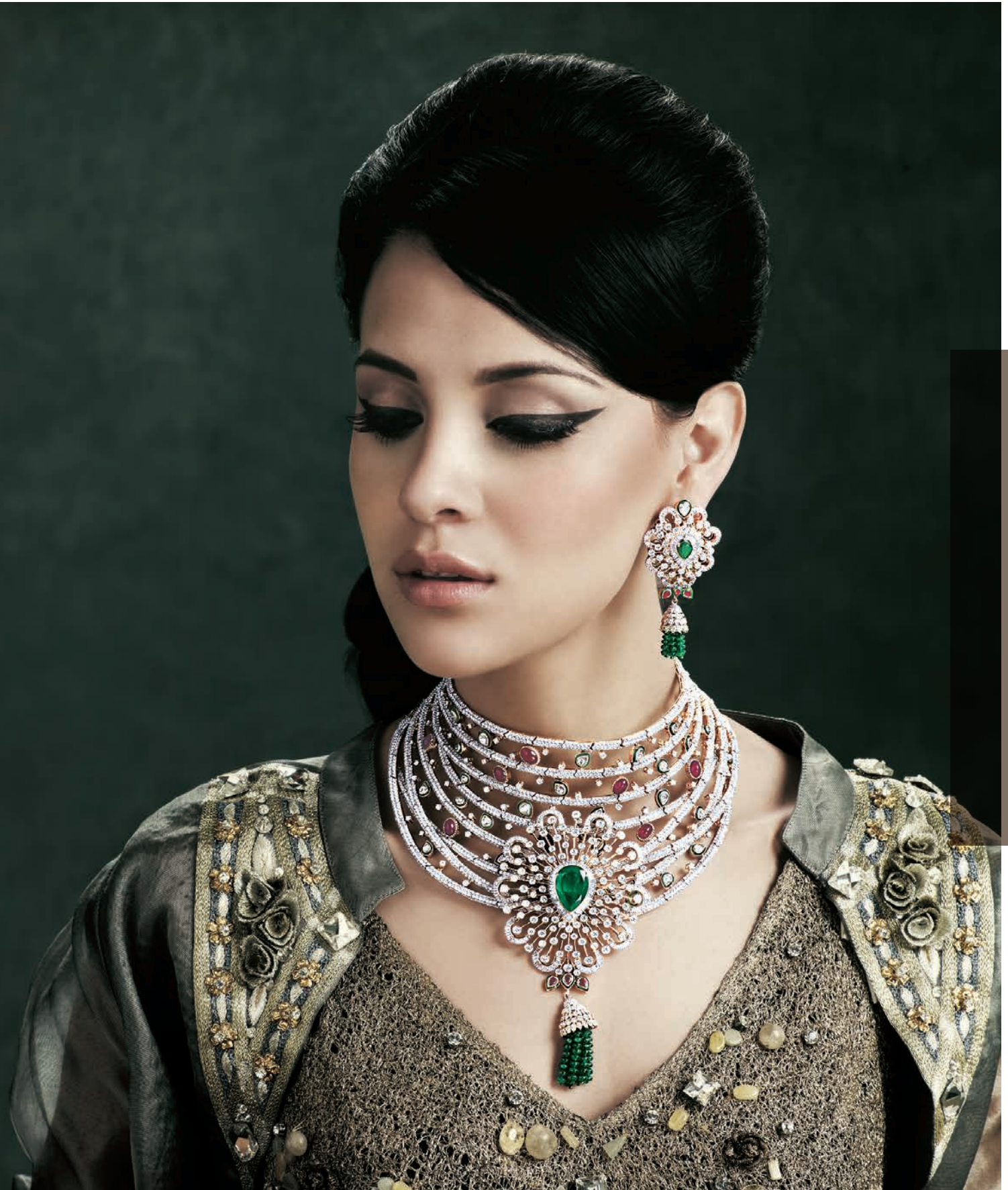


Rings, Earrings, Pendants, Bracelets, Necklaces, Chains, Bangles

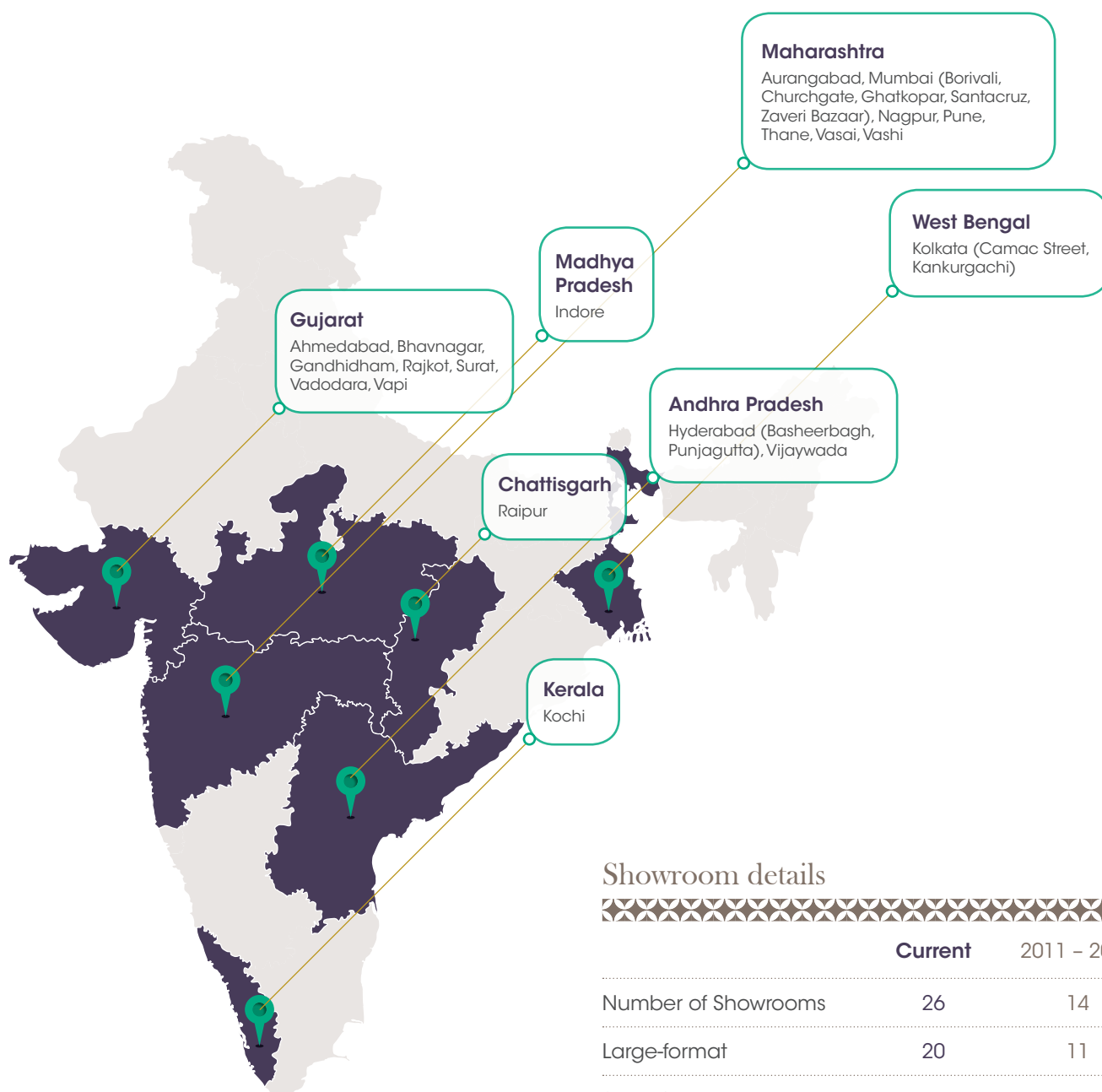
### *Kalpavruksha scheme*

- Launched in November, 2009
- Monthly instalment scheme wherein customer pays fixed monthly instalments for a period of 12/15/18/24 months and receives fixed discount on jewellery at the end of the agreed period
- Assured sales with the customer's commitment to buy at the time of starting instalments
- Contributed 7% of sales in 2012 – 2013 and had 28,743 members as at 31<sup>st</sup> March, 2013
- Advances from customers stands at ₹ 9,780 Lakhs under this scheme as at 31<sup>st</sup> March, 2013





# Expanding the circle of trust



## Showroom details

	Current	2011 - 2012
Number of Showrooms	26	14
Large-format	20	11
Small-format	6	3
Retail Carpet Area (sq ft)	84,493	47,796
Number of Cities	20	10
Number of States	7	5



# Blend of passion and perseverance



1938

1<sup>st</sup> jewellery house to offer buy-back guarantee



1995

Launched lightweight jewellery



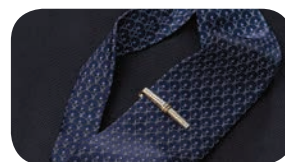
2001

Opened 2<sup>nd</sup> showroom at Hyderabad



2004

Introduced 100% pre-hallmarked jewellery



2007

Converted from partnership to Company



2008

Established retail footprint of 42,000 sq ft across 13 showrooms



2009

Established brand identity through new logo



2012

Launched initial public offering (IPO) raising ₹ 200 Crores and listing on National Stock Exchange and Bombay Stock Exchange



2013

Opened 26<sup>th</sup> store on 1<sup>st</sup> April, 2013

# Chairman & Managing Director's communiqué



TBZ - the Original's next level of expansion and growth will be driven by the established skill of its Team, its ability to create lasting customer relationships and the level of its foresight in embracing opportunities and mitigating risks.

Shrikant Zaveri  
Chairman & Managing Director

## Dear Stakeholders,

Trust can be enduring as precious jewellery. It can stand the test of time and still exude an aura of excellence. At Tribhovandas Bhimji Zaveri Limited (TBZ - the Original), we continue to be inspired by our rich legacy of stakeholder trust. As we enter the 150<sup>th</sup> year of our existence, we feel honoured for this enduring trust, which has helped us grow from strength to strength. It has given us the confidence to enhance the pace of our pan-India expansion despite challenges and perform commendably in an adverse economic and business scenario.



## Global Insight

Across the world, including the developing and developed economies, high growth remained elusive during 2012 - 2013. India's growth also plummeted to a decade low of 5%, owing to the disappointing performance by all sectors of the economy. Although gold prices in particular demonstrated significant volatility, demand for TBZ's products remained consistent, owing to India's traditional affinity with precious gems and jewellery, and our enhanced focus on branding and marketing initiatives such as in-store events, road shows and so on. Weddings are bound to happen irrespective of the state of the economy and gold price volatility. TBZ, being a specialty wedding jewellery retailer, enjoys a special connect with customers.

India is the largest jewellery market globally. The contribution of organised retail to total jewellery consumption has increased from 5% to 18% over the past decade, reflecting the evolving industry dynamics. With favourable demographics, rising disposable income and increasing customer preference towards branded

jewellery, there are significant opportunities for long-term growth. The jewellery market is expected to grow at a compound annual growth rate of 16.26% during 2012 – 2017, overcoming the roadblocks.



#### A Passion to Perform

You will be happy to know that we delivered an impressive topline and bottomline performance during the year under review. We reported a growth of 19.69% in gross turnover, rising from ₹ 1,385.47 Crores in 2011 – 2012 to ₹ 1,658.34 Crores in 2012 – 2013. Our net profit surged from ₹ 57.19 Crores in 2011 – 2012 to ₹ 85 Crores in 2012 – 2013, a growth of 48.62%. The robust performance was driven by the addition of stores and through exquisite new collections of jewellery, fresh marketing initiatives and exclusive offers. For 2012 – 2013, our EBITDA stood at ₹ 153.10 Crores, a growth of 23.80% over the last financial year. The revenue contribution from gold jewellery grew by 23.96% in 2012 – 2013 as compared to 2011 – 2012, while that of diamond jewellery grew by 9.89% for the same financial year.

We are the jewellery destination of choice for every occasion — weddings, festivals and other joyous occasions. We unveiled scintillating new jewellery collections for weddings and the 'showstopper' collection (a party wear collection) during the year under review. Our innovative designs and beautifully crafted jewellery have enhanced our value proposition for customers in a highly competitive and evolving industry. An instance of this is the launch of Dohra collection - an innovative, multi-utility and detachable jewellery offering. In 2012 – 2013, we yet again demonstrated unmatched prowess in innovative jewellery design, continuing a 150-year old tradition of superlative quality and purity of products. During the year, we were bestowed with several Indian and international jewellery design and industry awards, recognising our product excellence.



#### Strategic Roadmap

We are focusing on reaching more customers across India's Tier-2 and Tier-3 cities and towns. There is a strong preference for quality jewellery through organised companies like TBZ across these locations, which needs to be leveraged. Our business model is well equipped to cater to the aspirations of a wide cross-section of customers across multiple price points. Our objective is to open a total of 57 stores in 43 cities across 14 states by 2014 – 2015. We will continue to extend our market share in the coming years by leveraging our seasoned ability for individual or regional customisation. Besides, customer education will continue to be our area of focus to widen our visibility and emerge as the most preferred pan-India brand. I am happy to inform you that we have exceeded our IPO commitment, opening 11 showrooms in place of the originally planned 9 across India in 2012 – 2013.



#### Level-next TBZ - the Original

Finally, TBZ - the Original's next level of expansion and growth will be driven by the established skill of its Team, its ability to create lasting customer relationships and the level of its foresight in embracing opportunities and mitigating risks. Our Team has the imagination and the ability to elevate jewellery designs to inimitable craftsmanship, with the result of a happy blend of usefulness, investment and aesthetics. We will continue to build on those skills and knowledge repertoire to create jewellery that excites and elevates.

To build the level-next TBZ - the Original, I need the support and guidance of all our stakeholders. For 150 years, we have created and sustained an enterprise of excellence. Now the responsibility is even greater to carry forward the tradition of *Leadership through Trust* for the next 150 years.

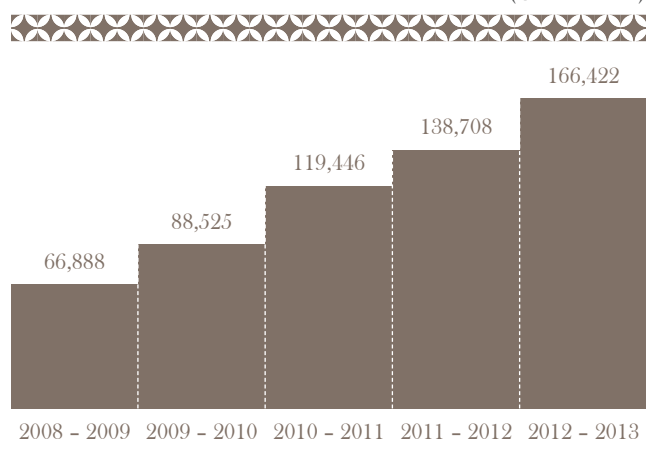
Warm Regards,

**Shrikant Zaveri**  
Chairman & Managing Director

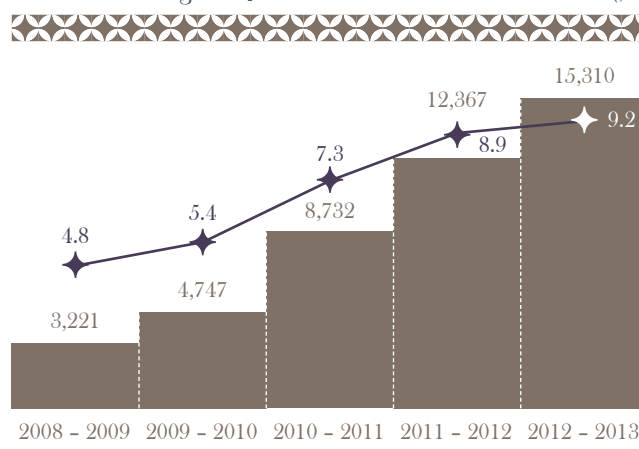


# Sterling performance

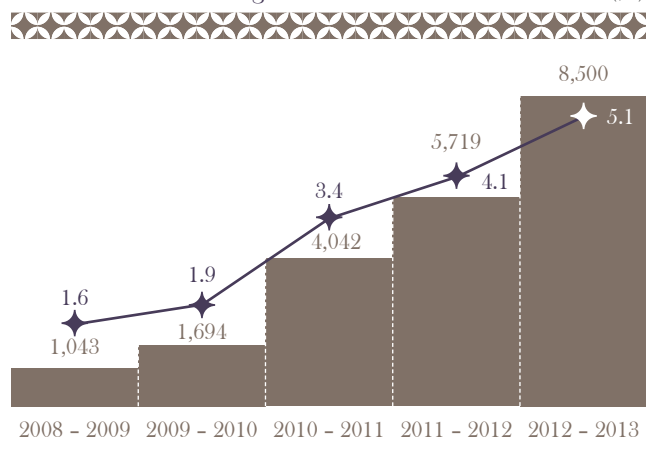
**Total Income** (₹ in Lakhs)



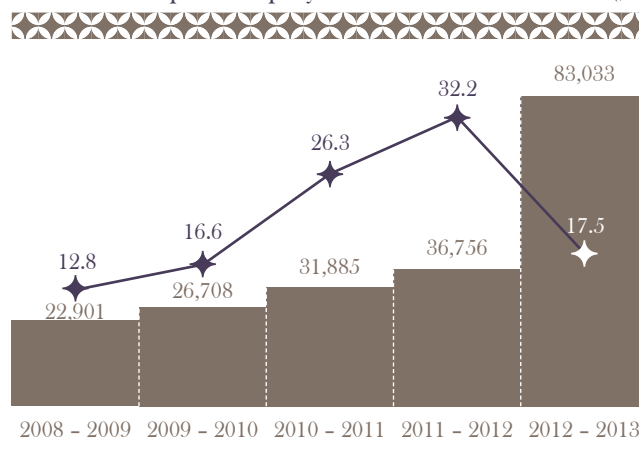
**EBITDA** (₹ in Lakhs)   
 **EBITDA Margin** (%)

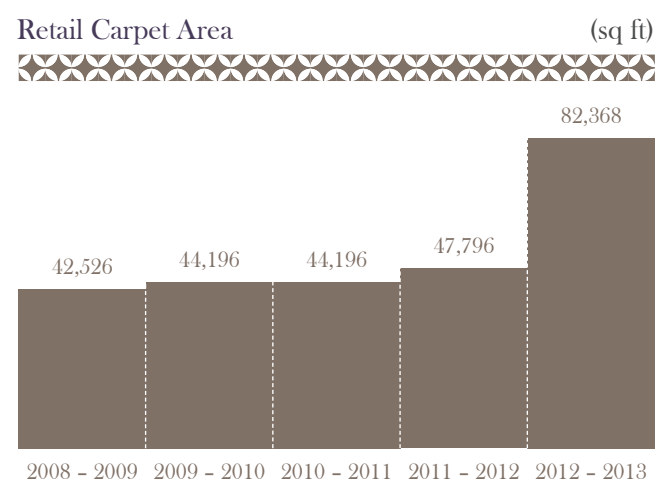
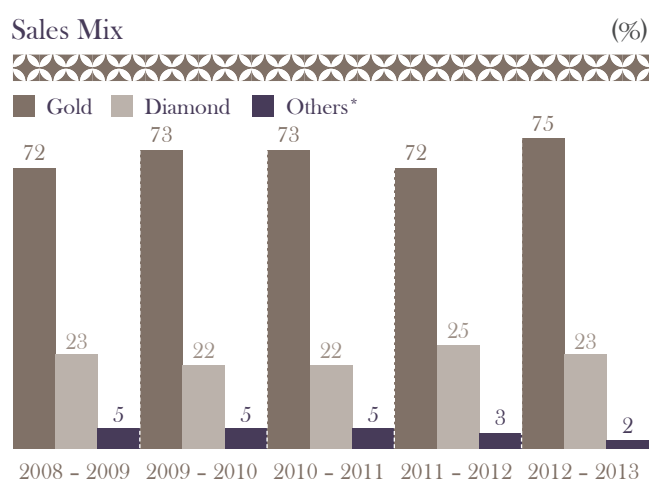
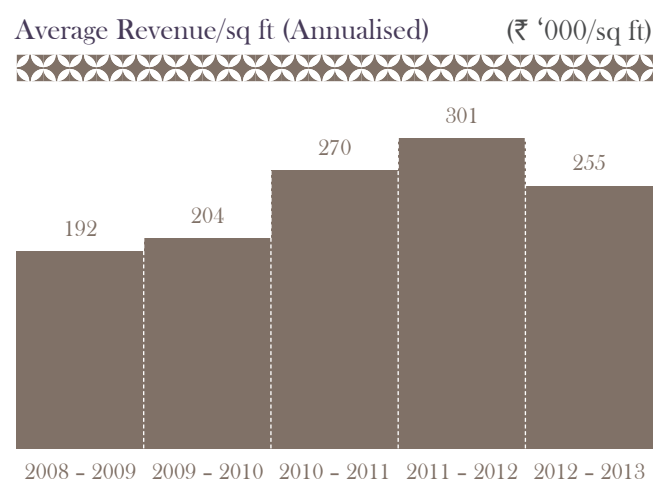
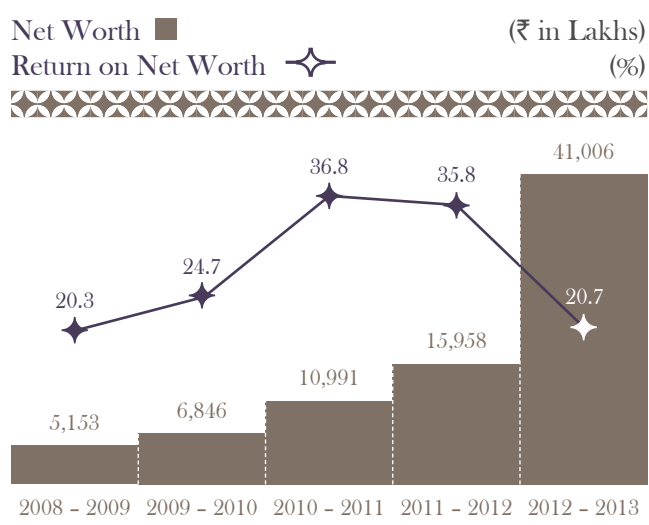


**Profit After Tax** (₹ in Lakhs)   
 **Profit After Tax Margin** (%)



**Capital Employed** (₹ in Lakhs)   
 **Return on Capital Employed** (%)







We are accelerating our pan-India expansion, delighting customers with unmatched quality excellence and reinforcing the foundation of trust.

We plan to expand our reach from the present 26 stores across 20 cities in 7 states to 57 stores across 43 cities in 14 states by 2014 – 2015. TBZ – the Original is embarking on a strong expansion plan to drive future growth. The store expansion will take place in both large and small formats (hub and spoke model). The expansion strategy has been meticulously planned with extensive research being carried out to ensure successful execution.







# Trust travels miles. Builds value.

## Research driven

Before entering into any market, TBZ conducts primary as well as secondary research to understand regional taste, brand acceptance, local market size, and high value business locations to decide on preferred location. The Company organises independent jewellery exhibitions and group discussions with prospective consumers to understand market dynamics. These measures ensure faster implementation of expansion plan and realise high productivity from these stores.

## Strategic move

Till 2011 – 2012, TBZ established its brand successfully in the Southern India with its presence in Andhra Pradesh and Kerala. It had about 26% of its retailing space operating in these two states in 2011 – 2012. Hyderabad stores also contributed significantly to the total sales in the same financial year. This paved the way for the Company to scale up its presence pan-India. The Company also had its presence in the Central India in addition to strong presence Western India – Gujarat and Maharashtra.

TBZ initially expanded in known geographies like Gujarat and Maharashtra during 2012 – 2013. This initial phase of expansion in a familiar geography with strong brand recall increased the probability of smooth execution of the expansion plan and ensured the success of the Company. However, the Company also opened stores in West Bengal and Chhattisgarh – unexplored markets in 2012 – 2013. TBZ plans to expand away from familiar zones of Western and Southern India to the Northern and Western parts over the coming two years.

## Execution on track

TBZ surpassed its commitment with opening of twelve stores (one store opened on 1<sup>st</sup> April, 2013) in place of planned nine stores in 2012 – 2013.



# Designing excellence

## Launches during the year

### Dohra detachable jewellery collections

An innovative multi-utility jewellery collection, Dohra offers customers a choice to use the jewellery in different ways and on different occasions. It comprises of necklaces in gold and diamonds which are detachable and can be used as pendants, bracelets, earrings, brooches and necklaces.

### Surprises collection

A lightweight gifting range jewellery collection, Surprises is ideal for contemporary and untraditional gifting occasions. It is available in gold, diamond, silver and fusion addressing the tastes of different age groups.

### Temple Jewellery

Originally launched to adorn Hindu deities this jewellery collection has become fashionable over a period of time and can be worn for special occasions and festivals.

### Showstoppers collection

A new lifestyle jewellery collection, Showstoppers has elegant, contemporary, sleek and attractive designs for status-conscious consumers. It can be worn for social gatherings, get-togethers and parties. It is available in gold and diamond.

### Bridal collection

Catering to the wedding segment, this collection blends tradition, modernism, elegance and style and is available in gold and diamond.

29

*Designers strength*

7

*Computer-aided designers*

8 – 10

*New design launches every year*





## At TBZ – the Original, we respect the antiquity of jewellery design and focus on elevating it to a new level of excellence.

At TBZ, our design team focuses on catering to the evolving aspirations of customers through interactions, national and international trade shows and trend forecasting reports. This helps us deliver products in line with customer expectations. We also offer jewellery from Italy and Turkey and endeavour to provide customised jewellery. Over the years, our design expertise has earned wide acclaim and recognition.

As one of the leaders in the wedding jewellery segment, we derived a significant portion of our revenue from this segment in 2012 – 2013. The fashion jewellery segment also contributes to the revenue pie.





Our manufacturing facilities are reinforced by state-of-the-art equipment, including gem testing labs and karat meters, to ensure industry-leading quality excellence.





# Where excellence finds expression

## Diamond

TBZ - the Original, has two in-house diamond studded jewellery manufacturing facilities located at Kandivali, Mumbai. The Company used to manufacture at a facility with 5,755 sq ft of capacity area till 2nd quarter of 2010 - 2011 and opened new facility with a capacity area of 17,739 sq ft in the third quarter of 2010 - 2011. The majority of production activity is being carried out at the second manufacturing facility.

## Gold

TBZ manufactures gold jewellery through in-house manufacturing and third party contracts. The Company added capacity of 4,000 kg of gold refining and 4,500 kg for jewellery components at Kandivali, Mumbai in 2010 - 2011 to take care of the replacement segment and manufacturing of jewellery components. In addition to this, TBZ sources jewellery from around 150 vendors across India.

## Manufacturing capacity

The Company enjoys strong competitive advantage owing to our its manufacturing facilities. These include:

- Impeccable finishing by careful selection of gold or diamond pieces to be used in the manufacturing process
- Exclusive, innovative and customised designs commanding premium prices
- Shorter jewellery manufacturing life cycle due to smooth supply chain process
- Cost optimisation due to absence of handling charges in case of diamond jewellery

# Sustaining trust through focus

## Conventional Method

### *Centralised policy*

At TBZ - the Original, we adopt centralised procurement policy to purchase in large volumes directly from the vendors to supply to our showrooms. Economies of scale enable us to sell our products at competitive prices.

## Unconventional Methods

### *Gold loan model*

Under this model, TBZ participates in Gold Loan Schemes extended by empanelled banks, allowing us to meet our raw material requirements.

### *100% buy-back guarantee*

TBZ made such first offer of 100% buy-back lifetime guarantee. It also helps us in meeting our captive requirements for production of jewellery.

### *Inventory management*

At TBZ, we plan inventory for each showroom at the beginning of each year to achieve desired sales and inventory turnover. Our inventory is being bar-coded, monitored and controlled through Oracle E-business suite software. In an effort to increase out turnover, we rotate jewellery between different showrooms. The Company returns back or exchange our unsold inventory with other products, in case of purchases made from third parties. There is adequate insurance coverage for inventory to hedge against risks.







Enhanced volatility in raw material cost exposes us to high inventory risk. At TBZ – the Original, we adopt unconventional and conventional modes of raw material procurement to reduce our exposure to mark to market loss, enhance cash flows and accelerate working capital cycle.



# Awards & recognitions

## 2012

### Awards by Asia Retail Congress



- Innovative Retail Concept of the Year
- Best Impactful Retail Design and Visual Merchandising

### Awards by Retail Jewellers India



- 360° Marketing Campaign of the year
- Radio Campaign of the Year

### Best Branded Traditional Jewellery of the year by The Bombay Bullion Association Limited



### Best Advertising Campaign of the year (Print) by National Jewellery Award



### Design Awards by Indian Jewellers Choice Design Awards in the category of



- Diamond Jewellery over ₹ 500,000
- Emerald Jewellery over ₹ 500,000
- Emerald Jewellery under ₹ 500,000



2013

Best single store of the Year - Central East by National Jewellery Award



# Profile of the Board of Directors

## **Shrikant Zaveri** *Chairman & Managing Director*

Shrikant Zaveri has completed his education upto matriculation. He has more than 31 years of experience in the gems and jewellery industry. He took over as the managing partner of the business in 2001. He was the founding member and chairman of the Gems and Jewellery Trade Federation. He has been awarded the Retail Jeweller Award for lifetime achievement in the year 2007. He also won Retail Leadership Award from Asia Retail Congress in the year 2013.

## **Binaisha Zaveri** *Whole-time Director*

Binaisha Zaveri holds a bachelor's degree in marketing and finance from Stern School of Business, New York. She joined the business in 2004 has an experience around 9 years. She is involved in all aspects of the business including human capital management, operations, finance, business development, marketing and merchandising. She has been actively involved in expansion activities and has enabled the opening of showrooms in twenty cities across seven states.

## **Raashi Zaveri** *Director - Finance*

Raashi Zaveri holds a bachelor's degree in finance and entrepreneurship from Kelly school of Business, Indiana University and is a graduate gemologist from Gemological Institute of America. She joined the business in 2008 and has an experience of around five years. She is involved in the implementation of the Company's enterprise resource planning systems and is actively engaged in accounting, merchandising and general corporate management.

## **Kamlesh Vikamsey** *Independent Director*

Kamlesh Vikamsey has a bachelor's degree in commerce from the University of Mumbai and is a qualified chartered accountant. He became a Director of the Company in 2010. He has over 30 years of experience in accounting and finance, corporate advisory services. He is a member of the audit advisory committee of the United Nations Development Programme (UNDP), a member of the appellate authority of the Institute of Chartered Accountants of India (ICAI) and a past president of ICAI. Amongst other, he was also a member of the expert committee constituted by the Central Government for the promotion of the gems and jewellery industry in 2007 and was a member of the Accounting Standards Committee of SEBI in 2005-2006.



### Ajay Mehta

*Independent Director*

Ajay Mehta has a bachelor's degree in science from University of Mumbai and a master's degree in chemical engineering from the University of Texas. He became a Director of the Company in 2010. He has over 25 years of experience with chemical, petrochemical, fertiliser, manufacturing and investment companies. He is presently the Managing Director of Deepak Nitrate Limited. He is a member of the executive committee of Maharashtra Chamber of Commerce, Industries and Agriculture and member of the governing council committee of National Agriculture and Food Analysis and Research Institute.

### Sanjay Asher

*Independent Director*

Sanjay Asher has bachelor's degree in commerce and a bachelor's degree in law from the University of Bombay. He is also a qualified chartered accountant and a solicitor. He became a Director of the Company in 2010. He has over 22 years of experience in the field of law and corporate matters. He is presently a partner at Crawford Bayley and Co., and deals with corporate laws and laws of mergers and acquisitions.

# Management Discussion and Analysis

## 1. INDIAN ECONOMIC SCENARIO

2012 – 2013 turned out to be a challenging year for the Indian economy, due to the impacts of the global economic slowdown and domestic bottlenecks. The Eurozone debt crisis cast its dark shadow on the global economy, which had its effects on the Indian economy as well. The US economy experienced slow growth, driven by improvements in the manufacturing and housing sectors and rising employment. Inflation, moderate growth and escalating fiscal deficit added to the woes of the Indian economy. This affected the demand and growth of domestic industries.

However, India is rebalancing, as reflected through improved macro-economic indicators amid such vulnerable external environment. The government brought several reforms like FDI in retail, sugar decontrol, petrol and diesel price hikes and others, boosting the economic climate. Wholesale price inflation dived to below 5% in 2013 – 2014 from the high level of around 8% in 2012 – 2013. The government also targets to bring down fiscal deficit to 3% of GDP by 2016 – 2017 from 4.89% of GDP in 2012 – 2013. These facts indicate a possible recovery in the economic environment.

## 2. INDIAN GEMS AND JEWELLERY INDUSTRY

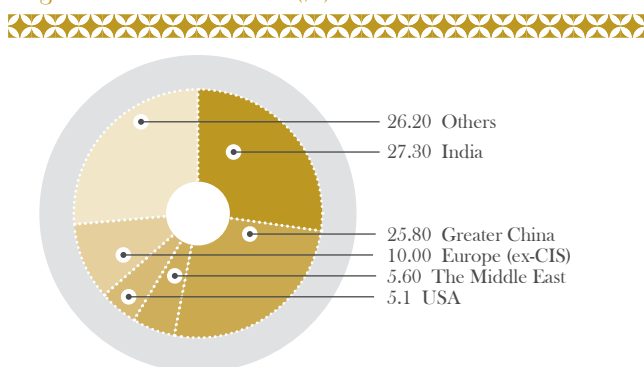
India's gems and jewellery industry is an important component in India's growth story, driving the country's economic development through exports and by helping the economy earn foreign exchange.

India has the largest jewellery market globally. However, the country's jewellery market is highly fragmented in nature. Jewellery consumption recorded a growth of 15% over the past decade, while the jewellery sector is expected to grow at a compound annual growth rate (CAGR) of around 16.26% during 2012 – 17 (Source: Ministry of Commerce & Industry Report, ICRA). The market size is estimated to reach ₹ 3,000 Billion by 2013 – 2014.

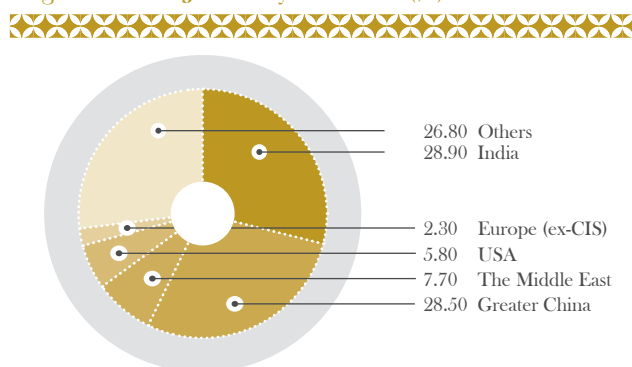
₹ 2,166 Billion	14%	3.40 Million	450,000
Market size in 2011 – 12	Contribution to India's total exports	Workers employed in the jewellery industry	Unorganised retailers present

### India – the largest consumer of gold and gold jewellery in 2012 globally

Regional Gold Demand (%)



Regional Gold Jewellery Demand (%)



(Source: 'Gold Demand Trends Report' by World Gold Council, 2013)

## Industry Trends

### Increasing Organised Market Share in India's Jewellery Industry

The contribution of organised retail has increased from below 5% to 18% over the last decade (Source: ICRA). The shift is driven by expanding network of organised players, aggressive marketing initiatives and changing customer preference towards branded jewellery. Going forward, organised players are expected to gain market share from traditional mom and pop jewellery stores, owing to better design offerings, enhanced customer experience, aggressive marketing and product quality assurance.

### Region-wise demand for gold and diamond

Gold demand is mainly concentrated in southern and western India, while Diamond demand prevails in the northern and western parts of the country. The difference in consumption is due to traditional and cultural diversity across regions.

### Geographical Concentration for Gold and Diamond in India in 2011 - 2012 (%)

Product	North	East	West	South
Gold	23	13	28	36
Diamond	37	8	35	20

(Source: JM Financial Report, 2013)

### Stable Volume Trends

The net retail investments for gold have grown at a compounded annual growth rate (CAGR) of 15% from 2004 to 2012. The gold jewellery consumption volume stands at 552 tonnes in 2012 and has been more or less stable since 2004. However, the consumption demand for gold has witnessed a year on year decline, due to the impact of significant price appreciation during past two consecutive years.

## Gold Investment and Consumption in India

	CY 04	CY 05	CY 06	CY 07	CY 08	CY 09	CY 10	CY 11	CY 12	CAGR (%)
Jewellery Consumption (tonnes)	518	587	526	558	470	442	657	567	552	0.80
YoY Growth (%)		13	-10	6	-16	-6	49	-14	-3	
Net Retail Investments (tonnes)	100	135	196	215	191	136	349	366	312	15.30
YoY Growth (%)		35	45	10	-11	-29	157	5	-15	
<b>TOTAL (tonnes)</b>	<b>618</b>	<b>722</b>	<b>722</b>	<b>773</b>	<b>661</b>	<b>578</b>	<b>1,006</b>	<b>933</b>	<b>864</b>	<b>4.30</b>
YoY Growth (%)		17	0	7	14	-13	74	-7	-7	

(Source: World Gold Council)

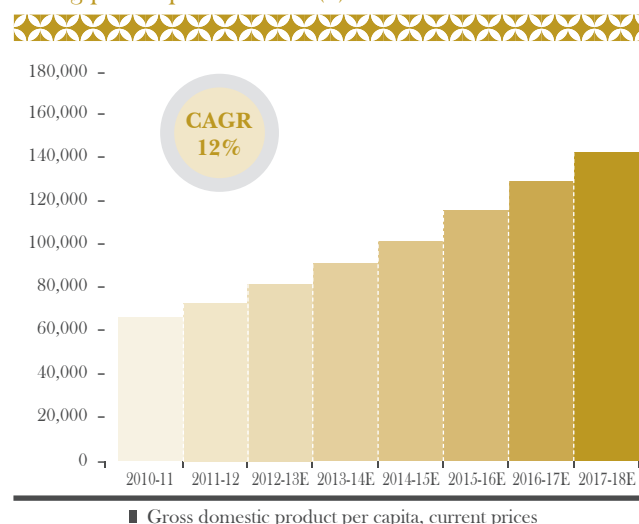
### Favourable Prices in the Long Term

Gold prices grew at a CAGR of 25% over 2007 - 2012, while diamond prices more than doubled between 2007 and 2012.

### Growth Drivers

- **Rising Income Levels:** Increasing per capita income is resulting in higher purchasing capacity. This scenario can help to steer the growth wheels of India's jewellery industry.

### Rising per Capita Income (₹)



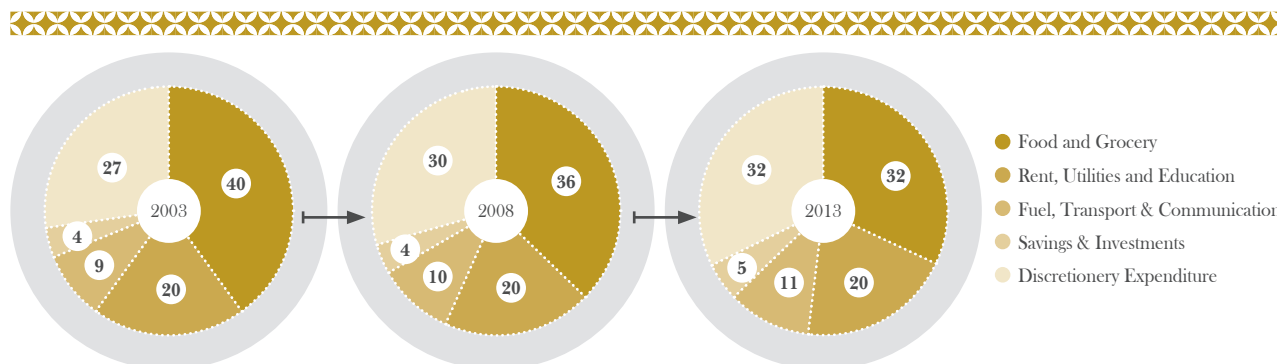
\*E- Estimates

(Source: IMF estimates)

- **Evolving Customer Mindset:** Over the years, the purchase of jewellery is evolving; apart from the traditional necessity, it has now become one of the most popular forms of investments in recent

times. There is a continuous rise in discretionary expenditures of the people, indicating a robust demand.

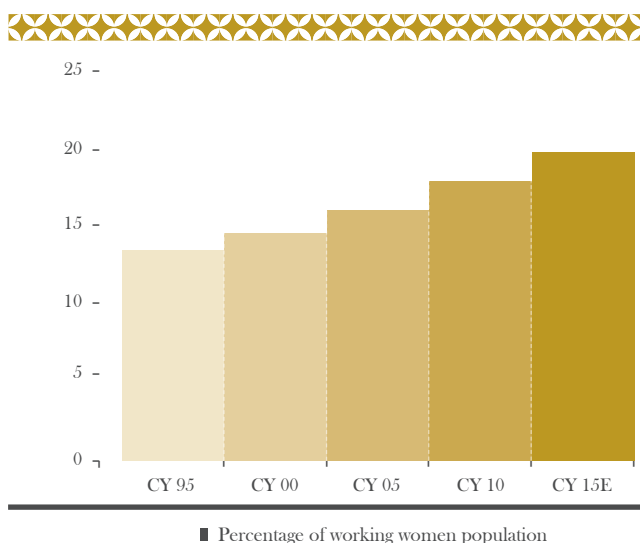
#### Facets of Consumer Wallet (%)



(Source: 'Unlocking the potential of India's Gem & Jewellery Sector Report' by FICCI- Technopak)

- **Increasing Women Workforce:** Jewellery is said to be a women's first love. With the increase in working women population and resulting higher earning capacity, the demand for jewellery will also escalate.

#### Increasing Women Workforce (%)



(Source: JM Financial Report, 2013)

- **High Penetration of the Organised Retailers:** The organised players are resorting to aggressive store expansions, enhancing customer access and expanding geographical reach. This is also likely

to trigger the demand for jewellery in near future and drive the market forward.

#### Outlook

The Indian gems and jewellery industry holds substantial potential in the future. The industry is expected to reap high dividends, driven by robust customer demand, rising income levels, favourable demographics, increasing women workforce, changing customer preferences and highly organised retail penetration. The industry is estimated to grow at a CAGR of 16.26% during 2012 - 2017.

### 3. COMPANY OVERVIEW

With around 150 years of rich legacy, TBZ - the Original is one of India's most well-known and trusted jewellery retailers. With 26 stores located across India, the Company is the ultimate destination for the customers looking for outstanding designs in gems and jewellery. Our talented design team comprising 29 employees uses state-of-the-art technologies, including computer-aided designs, to help us launch almost eight to ten jewellery collections annually.

#### Product Basket

- Gold jewellery
- Diamond jewellery
- Others – Silver, Platinum, Jadau jewellery and so on



## Expanding the Footprint

	As on 31 <sup>st</sup> March, 2013	As on 31 <sup>st</sup> March, 2012
Showrooms (nos)	25	14
Cities (nos)	19	10
Carpet area (sq ft)	82,368	47,796

Our Manufacturing capacities are spread across a carpet area of 23,494 square feet and envisage gold refining capacity of 4,000 kgs; gold jewellery components manufacturing capacity of 4,500 kgs and diamond-studded jewellery manufacturing capacity of 100,000 carats (per eight hour shift).

## 4. FINANCIAL PERFORMANCE

### Product-wise Revenue Contribution

(₹ in Lakhs)

Product	2012 - 2013	2011 - 2012	Growth (%)
Gold	124,183.14	100,176.52	23.96
Diamond	38,540.63	35,073.32	9.89
Others- Silver, Platinum, Jadau jewellery and so on	2,218.47	2,789.48	-20.47
<b>TOTAL</b>	<b>164,942.24</b>	<b>138,039.32</b>	<b>19.49</b>

### Financial Highlights

(₹ in Lakhs)

Particulars	2012 - 2013	2011 - 2012
Gross Profit	31,203.73	24,307.36
Earnings before finance cost, tax, depreciation and amortisation [EBITDA]	15,310.25	12,367.01
Finance cost	2,149.42	3,148.22
Depreciation and amortisation	804.37	526.27
Profit before tax [PBT]	12,356.46	8,692.52
Profit after tax [PAT]	8,500.10	5,719.31
Earnings per share [EPS] (₹)	13.03	11.42
Dividend per share [DPS] (₹)	0.75	2.25
Net worth	41,006.27	15,957.55
Short-term borrowings (including working capital loans)	39,448.41	20,090.10
Working capital loans	12,493.23	18,866.41

### Operating Revenue

Despite adverse economic conditions and volatile gold prices, the Company's revenue from operations increased by 19.69% from ₹ 138,546.99 Lakhs in 2011 - 2012 to ₹ 165,833.77 Lakhs in 2012 - 2013. Addition of stores, launch of exquisite new collections and exclusive offers during 2012 - 2013 contributed to the topline growth.

### EBITDA

The Company witnessed 23.80% growth in EBITDA, from ₹ 12,367.01 Lakhs in 2011 - 2012 to ₹ 15,310.25 Lakhs in 2012 - 2013.

### PAT

The Company posted an excellent performance in profit after tax during the year under review. It increased from ₹ 5,719.31 Lakhs in 2011 - 2012 to touch ₹ 8,500.10 Lakhs in 2012 - 2013, up 48.62%.

### Network

The Company's network increased from ₹ 15,957.55 Lakhs as on 31<sup>st</sup> March, 2012 to ₹ 41,006.27 Lakhs as on 31<sup>st</sup> March, 2013.

### Equity

The Company's equity increased to 66,666,667 equity shares, as on 31<sup>st</sup> March, 2013, of face value ₹ 10 each from 50,000,000 equity shares, as on 31<sup>st</sup> March, 2012, due to initial public offering (IPO) last year. The promoters held 74.17% in the Company, as on 31<sup>st</sup> March, 2013.

### Reserves

TBZ - the Original's reserves increased from ₹ 10,957.55 Lakhs as on 31<sup>st</sup> March, 2012 to ₹ 34,339.60 Lakhs, as on 31<sup>st</sup> March, 2013. It comprised share premium reserve, general reserve and profit & loss account. Free reserves constituted around 51.17% of the total reserves.

### **Borrowings**

The Company's book debts as on 31<sup>st</sup> March, 2012 stood at ₹ 20,357.14 Lakhs, as compared to ₹ 41,400.27 Lakhs a year later.

### **Net Block**

The Company's net block increased from ₹ 4,986.15 Lakhs as on 31<sup>st</sup> March, 2012 to ₹ 8,926.50 Lakhs as on 31<sup>st</sup> March, 2013.

### **Inventories**

The Company's inventories increased from ₹ 50,189.71 Lakhs, as on 31<sup>st</sup> March, 2012 to ₹ 102,738.06 Lakhs as on 31<sup>st</sup> March, 2013.

## **5. RISK MANAGEMENT**

Like any other business, the gems and jewellery business also has its own set of challenges and risks, emanating from internal and external sources. The Company has in place a comprehensive risk management policy. It helps to anticipate and identify risks, and find ways to mitigate them.

### **Brand Dilution Risk**

Right to use the "Tribhovandas Bhimji Zaveri" brand, with or without a different prefix or suffix can dilute the brand's importance.

### **Mitigating Factor**

The Company has built new logo and added words 'the original' in its name to distinguish itself from others. Besides, it regularly establishes itself in the media as being a Shrikant Zaveri Group Company.

### **Competition Risk**

The increasing number of players in India's gems and jewellery market is resulting in rising competition. This can affect the Company's market share and profitability.

### **Mitigating Factor**

The Company has initiated advertisement and brand awareness efforts to increase its brand recall value.

### **Security Risk**

Dealing in components as expensive as jewellery, the Company is fraught with the risk of exposure to loss and theft of gems and jewellery.

### **Mitigating Factor**

The Company implements stringent internal as well as operational controls in the form of operational manuals, panic alarms, smoke detectors, closed circuit television, night vision cameras and others. Besides, it also insures all the components to cover forcible risks.

### **Regulatory Risk**

Adverse regulatory developments in the form of duty and other taxes can affect the Company's performance.

### **Mitigating Factor**

The Company can shift the burden of increased cost to the customer.

### **Unorganised Market Risk**

Domination of the unorganised players can intensify competition in the market.

### **Mitigating Factor**

With over 149 years of experience and creditable track record, the Company has emerged as a trusted brand in the jewellery industry. This brand name helps the Company gain an upper hand in the competition in India's gems and jewellery market.

## **6. HUMAN RESOURCES**

The Company's human assets lie at the centre of all its operations. It takes special care to recognise outstanding performance. Employees are rewarded for their utmost dedication after reviewing their performance on monthly, quarterly and half-yearly basis. Various training sessions and seminars are provided to the employees with the help of training managers as well as in collaboration with institutions and organisations, such as IIM Ahmedabad, World Gold Council, Platinum Guild India and the India, International Jewellery Society. The Company's regular and senior management staffs also participate in refresher courses and specialised training sessions. As many as 72 training sessions were conducted during 2012 - 2013, which involved 1,102 employees. The Company's employee strength, as on 31<sup>st</sup> March, 2013, was 1,756. These included 1,219 employees at showrooms, 179 at manufacturing facilities and 358 as back office and corporate staff. The dedicated team comprised CEO, seven functional heads, 64 showroom managers and assistant managers.

## **7. ACCOUNTING POLICY**

The Company follows the generally accepted accounting principles (GAAP). The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting. These statements are in compliance with the accounting standards prescribed in the

Companies (Accounting Standards) Rules, 2006, issued by the Central Government in consultation with the National Advisory Committee. Relevant provisions of the Companies Act, 1956, are complied with, to the extent applicable.

## 8. INTERNAL CONTROL SYSTEMS

The Company has an internal control system commensurate with the size and nature of its business. There is reasonable assurance regarding the financial statements being reliable and authentic. Periodic audits are undertaken by the in-house audit team as well as external auditors. The Audit committee reviews the audit observations and ensures best practices in the reporting and recording of the transactions. The Company has various insurance policies, such as jeweller's block policy, all risk policy, money insurance policy, employee fidelity policy, standard fire and special perils policy, vehicle insurance policy, employee

group mediclaim policy, group personnel accident policy and employee compensation policy. With a well-defined three year corporate plan and an annual budgeting process, the Company strives to achieve its functional goals through rigorous efforts.

### Cautionary Statement

Statements made in this Annual Report describing the Company's objectives, projections, estimates, expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ from those express or implied. Important factors that could make a difference to the Company's operations include conditions affecting demand supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the government regulations, tax laws, other statutes and other incidental factors.

# Notice

Notice is hereby given that the **Sixth Annual General Meeting of Tribhovandas Bhimji Zaveri Limited** will be held at **M. C. Ghia Hall, 4<sup>th</sup> Floor, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai – 400 001, on Friday, 30<sup>th</sup> August, 2013 at 3.30 p.m. to transact the following Business:**

## ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2013 and the Statement of Profit & Loss for the year ended as on that date together with the Reports of the Board of Directors and Auditors thereon;
2. To declare dividend on equity shares for the financial year ended 31<sup>st</sup> March, 2013;
3. To appoint a Director in place of Mr. Kamlesh Vikamsey, who retires by rotation and being eligible, offers himself for re-appointment;
4. To appoint a Director in place of Ms. Raashi Zaveri, who retires by rotation and being eligible, offers herself for re-appointment;
5. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. B S R and Co (Firm Registration No. 128510W), Chartered Accountants, Mumbai be and is hereby re-appointed as the Statutory Auditors of the Company for the financial year 2013 - 2014, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

## SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** in supersession of the resolution passed by the Members at the Extra Ordinary General Meeting held on 28<sup>th</sup> March, 2011 and pursuant to the provisions of Sections 198, 309 and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded for payment of Annual Commission for the period of five years commencing from **1<sup>st</sup> April, 2013**, to one or more of the Non-Executive Directors of the Company excluding the Managing Director(s) and/or Whole-time Director(s) and/or Executive Director(s) as may be decided by the Board from time to time, provided that the total commission payable to the Non-Executive Directors per annum shall not exceed **One (1%) percent** of the net profits of the Company for that year as computed in the manner referred to under Sections 198, 349, 350 and other applicable provisions, if any, of the Companies Act, 1956, with the authority to the Board to determine, from time to time, the manner and proportion in which the amount to be distributed among the Non-Executive Directors.

**RESOLVED FURTHER THAT** Mr. Shrikant Zaveri, Chairman & Managing Director or Ms. Binaisha Zaveri, Whole-time Director or Ms. Raashi Zaveri, Director - Finance of the Company be and is hereby severally authorised to file Form No. 23 with the Registrar of Companies, Mumbai for and on behalf of the Board and to do all such acts,



deeds, matters and things as may be necessary, expedient and usual to implement this resolution."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** subject to the provisions of Sections 198, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or re-enactment thereof for the time being in force) and subject to approval of the Central Government, if required, approval of the Members of the Company be and is hereby accorded for fixing of remuneration payable to Ms. Binaisha Zaveri, Whole-time Director of the Company, for the period of two years from 1<sup>st</sup> January, 2014 to 31<sup>st</sup> December, 2015, as contained in the Amendment Agreement to be entered into by and between the Company and Ms. Binaisha Zaveri, the draft whereof is placed before the meeting and for the purpose of identification initialed by the Company Secretary of the Company, with the liberty and authority to the Board of Directors to alter and vary the terms and conditions from time to time within the limits prescribed by Schedule XIII of the Companies Act, 1956, or any amendment thereto or any re-enactment thereof and as may be agreed between the Board of Directors and Ms. Binaisha Zaveri.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary, desirable or expedient to give effect to this resolution and matters incidental thereto."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** subject to the provisions of Sections 198, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or re-enactment thereof for the time being in force) and subject to approval of the Central Government, if required, approval of the Members of the Company be and is hereby accorded for fixing of remuneration payable to Ms. Raashi Zaveri, Director - Finance of the Company, for the period of two years from 1<sup>st</sup> January, 2014 to 31<sup>st</sup> December, 2015, as contained in the

Amendment Agreement to be entered into by and between the Company and Ms. Raashi Zaveri, the draft whereof is placed before the meeting and for the purpose of identification initialed by the Company Secretary of the Company, with the liberty and authority to the Board of Directors to alter and vary the terms and conditions from time to time within the limits prescribed by Schedule XIII of the Companies Act, 1956, or any amendment thereto or any re-enactment thereof and as may be agreed between the Board of Directors and Ms. Raashi Zaveri.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary, desirable or expedient to give effect to this resolution and matters incidental thereto."

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** in supersession of the resolution passed by the Members at the Annual General Meeting held on 4<sup>th</sup> July, 2011 and pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Members, be and is hereby accorded to the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any Committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) for borrowing, on behalf of the Company, any sum or sums of money, from time to time, as the Board may consider fit, any sum of money, in any manner, and without prejudice to the generality thereof, by way of loans, advances, credits, acceptance of deposits or otherwise in Indian rupees or any other foreign currency, from any bank or banks, or any financial institutions, other person or persons, and whether the same may be secured or unsecured, and if secured, whether domestic or international, whether by way of mortgage, charge, hypothecation, pledge or otherwise in any way whatsoever, on, over or in any respect of all, or any of the Company's assets and effects or properties including uncalled capital, stock in trade (including raw materials, stores, spares and components in stock or stock in transit), notwithstanding that the money to be borrowed together with the money already borrowed by the Company (apart from temporary loans obtained

from the Company's bankers in the ordinary course of business) and remaining undischarged at any given time, will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose so however that the total amount upto which money may be borrowed by the Board under this resolution, an amount shall not exceed, in the aggregate, the sum of ₹ **20,000,000,000 (Rupees Two Thousand Crores only)** and /or in equivalent foreign currency.

**RESOLVED FURTHER THAT** Mr. Shrikant Zaveri, Chairman & Managing Director or Ms. Binaisha Zaveri, Whole-time Director or Ms. Raashi Zaveri, Director - Finance of the Company be and is hereby severally authorised to file Form No. 23 with the Registrar of Companies, Mumbai for and on behalf of the Board and to do all such acts, deeds, matters and things as may be necessary, expedient and usual to implement this resolution."

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** in supersession of the resolution passed by the Members at the Annual General Meeting held on 4<sup>th</sup> July, 2011, the consent of the Members be and is hereby accorded within terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, (including any amendment thereto or re-enactment thereof) to its Board of Directors, to create a further mortgage and/or charge, on such terms and conditions and at such time(s) and in such form and manner, and with such ranking as to priority as the Board in its absolute discretion thinks fit, on the whole or substantially the whole of the Company's any one or more of the undertakings or all of the undertakings, including present or future properties, whether immovable or movable assets, comprised in any undertaking of the Company, as may be agreed to in favour of the bank or banks, financial institutions, person(s), hereinafter referred to as the lenders, and/or trustees to secure borrowings upto an aggregate amount not exceeding ₹ **20,000,000,000 (Rupees Two Thousand Crores only)** and pursuant to Section 293(1)(d) of the Companies Act, 1956, together with interest at the respective agreed rates by issue of non-convertible debentures, bonds, term loans, and/or other instruments including foreign currency borrowings, as the Board may

deem fit, to be issued in one or more tranches, to Indian/ foreign banks, institutions, investors, mutual funds, companies, other corporate bodies, resident/ non-resident Indians, foreign nationals, and other eligible investors, and upon such terms and conditions, as may be decided by the Board, including any increase as a result of devaluation/ revaluation or fluctuation in the rates of exchange, together with interest, at the respective agreed rates, compound interest, additional interest, commitment charges, premium on prepayment or on redemption, costs, charges, expenses and other monies covered by the aforesaid financial assistance under the respective documents, entered into by the Company in respect of the said debentures/bonds/term loans/other instrument(s) in terms of their issue.

**RESOLVED FURTHER THAT** the securities as aforesaid to be created by the Company may rank prior / pari passu /subservient with/to the mortgages and/or charges already created or to be created in future by the Company and as may be agreed to between the concerned parties.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board, be and is hereby authorised to delegate all or any of the powers herein conferred, to any Committee(s) of Directors or any one or more Directors of the Company, with the power to further delegate any such powers as they may deem fit, to finalise, settle and execute such documents / deeds / writings / agreements, as may be required, and to do all such acts, matters and things as it may at its absolute discretion deem proper, fit and expedient and to settle any question, difficulty or doubt that may arise with regards to creation of mortgage/ charge as aforesaid or otherwise considered to be in the best interests of the Company."

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For and on behalf of the Board of Directors of  
**Tribhovandas Bhimji Zaveri Limited**

**Shrikant Zaveri**

Chairman & Managing Director

Place : Mumbai

Date : 25<sup>th</sup> July, 2013

Registered Office:

241 / 43, Zaveri Bazar, Mumbai - 400 002, India.

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## NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING MAY APPOINT A PROXY TO ATTEND AND ON A POLL, VOTE INSTEAD OF HIMSELF / HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Proxies, in order to be effective must be received by the Company at its registered office not later than forty-eight hours before the commencement of the meeting. Proxies submitted on behalf of the limited companies, societies, partnership firms, etc., must be accompanied by an appropriate resolution/authority, as applicable, issued on behalf of nominating organisation.
3. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business to be transacted at the Annual General Meeting as set out in the Notice annexed hereto.
4. The documents referred to in the proposed resolutions are available for inspection at the Corporate Office of the Company situated at 1106 to 1121, 11th Floor, West Wing, Tulsiani Chambers, 212, Backbay Reclamation, Free Press Journal Road, Nariman Point, Mumbai - 400 021 during working hours between 11.00 a.m. to 1.00 p.m. on all days except Saturdays, Sundays and Public Holidays till the conclusion of the Annual General Meeting.
5. Members are requested to note that entry to the Meeting Hall/ Premises is strictly restricted to the Members/ Beneficial Owners holding duly filled in attendance slips and proxies holding valid proxy forms.
6. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 17<sup>th</sup> August, 2013 to Friday, 30<sup>th</sup> August, 2013 (both days inclusive).

9. Subject to the provisions of Section 206A of the Companies Act, 1956, dividend on Equity Shares as recommended by the Board, if declared at the Annual General Meeting, will be paid/ dispatched commencing from 7<sup>th</sup> September, 2013 to those Members:

- (a) whose names appear as Beneficial Owners as at the end of the business hours on 16<sup>th</sup> August, 2013 in the list of Beneficial Owners to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in respect of the shares held in electronic mode; and
- (b) whose names appear as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company/ its Registrar and Share Transfer Agents on or before 16<sup>th</sup> August, 2013.

**Note:** The Company has allotted 37,328 Equity Shares on 6<sup>th</sup> June, 2013 under 1<sup>st</sup> tranche of 'TBZ ESOP, 2011' and the Company got Listing Approval to deal in these ESOP Equity Shares w.e.f. 11<sup>th</sup> June, 2013 by both the Stock Exchanges. The paid-up capital of your Company has increased from ₹ 666,666,670 to ₹ 667,039,950.

Due to increase in the Equity Shares by 37,328 Equity Shares and the paid-up share capital by ₹ 373,280 there is increase in the total outgo of dividend amount including the dividend tax amount for the current year. The total increase in the outgo for the current year on above additional Equity Shares will amounts to ₹ 98,262 (Rupees Ninety Eight Thousand Two Hundred Sixty Two only), including dividend distribution tax of ₹ 14,274 (Rupees Fourteen Thousand Two Hundred Seventy Four only).

10. Members are requested to notify changes if any in their addresses with PIN code number immediately to the Company's Registrar and Share Transfer Agent, viz. Karvy Computershare Private Limited (for Shares held in physical form) and to Depository Participants (for Shares held in dematerialised form).
11. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 109A of the Companies Act, 1956. Members desired to

avail of this facility may send their nomination in the prescribed Form No. 2B duly filled in to Karvy Computershare Private Limited, the office of the Registrar and Share Transfer Agent of the Company. Members holding shares in electronic mode may contact their respective Depository Participants for availing this facility.

12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore, required to submit the PAN to their Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
13. The Equity Shares of the Company are listed on the following Stock Exchanges in India w.e.f. 9<sup>th</sup> May, 2012:

BSE Limited	National Stock Exchange of India Limited
25, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.	Exchange Plaza, Bandra Kurla Complex, Bandra (East) Mumbai – 400 051.

The Company has paid the applicable annual listing fees to each of the above Stock Exchanges for the financial year 2013 – 2014.

14. Non-Resident shareholders are requested to inform the Company immediately about:
  - (a) The Change in the Residential Status on return to India for permanent settlement;
  - (b) The Particulars of NRE Bank Account maintained in India with complete name and address of the Bank, if not furnished earlier.
15. Members are requested to intimate to the Company, queries if any, regarding the accounts at least 10 days before the Annual General Meeting to enable the Management to keep the information ready at the Meeting. The queries may be addressed to: Company Secretary, Tribhovandas Bhimji Zaveri Limited, 1106 to 1121, 11<sup>th</sup> Floor, West Wing, Tulsiani Chambers, 212, Backbay Reclamation, Free Press Journal Road, Nariman Point, Mumbai - 400 021. (email: [investors@tbzoriginal.com](mailto:investors@tbzoriginal.com)).

16. As a matter of austerity, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are therefore, requested to bring their copies of the Annual Report to the Meeting.
17. The Ministry of Corporate Affairs has taken a 'Green Initiative in Corporate Governance' by issuing circulars (vide circular nos. 17/2011 and 18/2011 dated 21<sup>st</sup> April, 2011 and 29<sup>th</sup> April, 2011 respectively), and allowing paperless compliances by Companies through electronic mode. Further, in line with recent circular (vide circular ref. no. CIR/CFD/DIL/7/2011 dated 5<sup>th</sup> October, 2011) issued by the Securities and Exchange Board of India (SEBI) and consequent changes in the Listing Agreement, Companies can send Annual Report in electronic mode to Members who have registered their e-mail addresses for the purpose. Members who have not registered their e-mail addresses with the Company can now register the same by submitting duly filled-in "E-Communication Registration Form" attached at the end of this Report (also available on our website [www.tbztheoriginal.com](http://www.tbztheoriginal.com)), to M/s. Karvy Computershare Private Limited/ Secretarial Department of the Company. The Members holding shares in electronic form are requested to register their e-mail address with their Depository Participants only. The Members of the Company, who have registered their e-mail address, are entitled to receive such communication in physical form, upon request.
18. Disclosure pursuant to Clause 49 of the Listing Agreement with respect to the Directors retiring by rotation and seeking re-appointment/ appointment and fixing remuneration at the ensuing Annual General Meeting is attached hereto.

For and on behalf of the Board of Directors of

**Tribhovandas Bhimji Zaveri Limited**

**Shrikant Zaveri**

Chairman & Managing Director

Place : Mumbai

Date : 25<sup>th</sup> July, 2013

Registered Office:

241 / 43, Zaveri Bazar, Mumbai - 400 002, India.



## DISCLOSURE PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

**Details of Directors retiring by rotation and seeking re-appointment and fixing of remuneration at the ensuing Annual General Meeting:**

Name of the Director	Mr. Kamlesh Vikamsey	Ms. Binaisha Zaveri	Ms. Raashi Zaveri
Date of Birth	06.12.1960	28.12.1982	26.12.1986
Date of Appointment	26.08.2010	24.07.2007	01.07.2008
Qualification	Bachelor's degree in Commerce from Mumbai University & is a Chartered Accountant	Bachelor's degree in Marketing and Finance from Stern School of Business, New York	Bachelor's degree in Finance and Entrepreneurship from Kelly School of Business, Indiana University and is a Graduate Gemologist from Gemological Institute of America
Expertise in specific functional area	Accounting and finance, corporate advisory services	Company's Enterprise Resource Planning Systems and actively engaged in accounting, merchandising & general corporate management	Company's Enterprise Resource Planning Systems and actively engaged in accounting, merchandising & general corporate management
Directorships held in other Public Companies as on 31 <sup>st</sup> March, 2013 (excluding foreign Companies and Section 25 companies)	Navneet Publications (India) Limited Ramky Infrastructure Limited Aditya Birla Retail Limited Neptune Developers Limited Man Infraconstruction Limited Apcotex Industries Limited List of Subsidiary of Public Cos.:  Neptune Ventures and Developers Private Limited Fabmall (India) Private Limited H.A.S. Two Holdings Private Limited Trinethra Superretail Private Limited Terraforma Agroprocessing (India) Private Limited Electrotherm Renewables Private Limited	Tribhovandas Bhimji Zaveri (Bombay) Limited (wholly owned subsidiary of the Company)  Konfiaance Jewellery Private Limited (wholly owned subsidiary of the Company)	Tribhovandas Bhimji Zaveri (Bombay) Limited (wholly owned subsidiary of the Company)
Chairmanships/ Memberships of the Committee of the Board of Directors of the Company as on 31 <sup>st</sup> March, 2013	Audit Committee - Chairman	Shareholders' / Investors' Grievance Committee - Member	Shareholders' / Investors' Grievance Committee - Member
Chairmanships/ Memberships of the Committees of other Public Companies as on 31 <sup>st</sup> March, 2013	Navneet Publications (India) Limited - Chairman Ramky Infrastructure Limited - Chairman Aditya Birla Retail Limited - Member Neptune Developers Limited - Chairman Man Infraconstruction Limited - Member Apcotex Industries Limited - Member Trinethra Superretail Private Limited - Member	NIL	NIL
a) Audit Committee			
b) Shareholders' / Investors' Grievance, Share Allotment and Share Transfer Committee	Neptune Developers Limited- Member	NIL	NIL
Nos. of Shares held in the Company	NIL	5,285,000	4,572,500

**Note:** pursuant to Clause 49 of the Listing Agreement, only two Committees, viz. Audit Committee and Shareholders' / Investors' Grievance, Share Allotment and Share Transfer Committee have been considered.

## EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956:

### Item No. 6

#### Commission to Non-Executive Directors:

The Board of Directors of your Company proposes to pass the Special Resolution in supersession of the resolution passed by the Members at the Extra Ordinary General Meeting held on 28<sup>th</sup> March, 2011 for the payment of Commission to Non-Executive Directors for the period of three years, w.e.f. 1<sup>st</sup> January, 2011 to 31<sup>st</sup> December, 2013, and proposes to approve the maximum amount of commission payable to Non-Executive Directors for the period of five years, commencing from 1<sup>st</sup> April, 2013 to 31<sup>st</sup> March, 2018.

The terms of remuneration by way of Commission related to the net profits of the Company payable to the Non-Executive Directors other than Managing Director or Whole-time Director(s) or Executive Director(s) for a period of five years commencing from **1<sup>st</sup> April, 2013** subject to the overall managerial remuneration laid down in Sections 198, 309 and all other applicable provisions, if any, of the Companies Act, 1956. Pursuant to Section 309(7) of the Companies Act, 1956, the approval conveyed by the aforesaid Special Resolution will be for the period of five years and will expire on **31<sup>st</sup> March, 2018**.

In the said Special Resolution it is proposed to pay to the Non-Executive Directors of the Company (resident in India), but excluding Managing Director or Whole-time Director(s) or Executive Director(s), such remuneration by way of commission related to the net profits of the Company for that financial year as may be decided by the Board of Directors, from time to time not exceeding in the aggregate **one percent (1%) per annum** of the net profits of the Company computed in the manner laid down in Sections 198, 349, 350 and all other applicable provisions, if any, of the Companies Act, 1956, for each of the five financial years of the Company commencing from **1<sup>st</sup> April, 2013**.

The manner and the proportion in which distribution of Commission amongst the Non-Executive Directors will be determined by the Board of Directors of the Company, from time to time. The Company also pays sitting fees to its Directors, except to the Managing or Whole-time Director(s) or Executive Director(s). The Special Resolution is necessary having regard to the

provisions of Section 309(4) of the Companies Act, 1956.

Your Directors recommend the Special Resolution for your approval.

All the Independent Directors of the Company other than the Managing Director, Whole-time Director(s) and Executive Director(s) of the Company, may be considered to be concerned or interested in the said resolution, since it relates to remuneration/ commission which may become payable to them.

### Item No. 7

#### Fixing of remuneration payable to Ms. Binaisha Zaveri, Whole-time Director of the Company:

The present term of appointment of Ms. Binaisha Zaveri, Whole-time Director of the Company as per the approval of Members given by a Special Resolution passed at the Extra Ordinary General Meeting of the Company held on 12<sup>th</sup> January, 2011 is for the period of five years i.e. from 1<sup>st</sup> January, 2011 to 31<sup>st</sup> December, 2015 and her Remuneration was approved by the said Special Resolution for the period of three years i.e. from 1<sup>st</sup> January, 2011 to 31<sup>st</sup> December, 2013.

On the basis of the recommendations of the Remuneration Committee of the Board of Directors and subject to approval of the Members, the Board has fixed the remuneration payable to Ms. Binaisha Zaveri, Whole-time Director of the Company, from 1<sup>st</sup> January, 2014 to 31<sup>st</sup> December, 2015.

The remuneration structure and terms and conditions of her remuneration are set out hereunder:

1. **Period of Remuneration:** From 1<sup>st</sup> January, 2014 to 31<sup>st</sup> December, 2015 (2 years)

2. **Remuneration:**

a) **Basic Salary:**

₹ 2,592,000 per month (i.e. ₹ 31,104,000 per annum), with an annual increment upto 20% per annum starting from 1<sup>st</sup> January, 2015, as may be decided by the Board of Directors of the Company from time to time.

b) **Commission:**

Such remuneration by way of Commission, in addition to the salary, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the

Board of Directors of the Company at the end of each financial year, subject to the overall ceiling stipulated in Sections 198 and 309 of the Companies Act, 1956. The exact amount payable will be decided by the Board of Directors based on certain performance criteria and shall be payable only after the Annual Accounts of the Company have been approved by the Board of Directors and adopted by the shareholders.

**c) Reimbursement:**

The Company shall reimburse to Ms. Binaisha Zaveri, Whole-time Director of the Company all the actual expenses incurred by her wholly, necessarily and exclusively for and on behalf of the Company and / or incurred in performance of the duties to the Company.

**3. Minimum Remuneration:**

Notwithstanding anything to the contrary contained herein, where in any financial year, during the currency of the tenure of Ms. Binaisha Zaveri, as the Whole-time Director of the Company, the Company has no profits or its profits are inadequate, the Company will pay salary as specified above to Ms. Binaisha Zaveri as minimum remuneration.

The aggregate of the remuneration as aforesaid shall be within the maximum limits as laid down under Sections 198, 309, 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, as amended and as in force from time to time.

All other terms and conditions of her appointment which have been approved by the Members at the Extra Ordinary General Meeting of the Company held on 12<sup>th</sup> January, 2011 and have been mentioned in the Agreement dated 11<sup>th</sup> January, 2011 entered into by and between the Company and Ms. Binaisha Zaveri will remain the same.

The draft Amendment Agreement to be entered into by and between the Company and Ms. Binaisha Zaveri incorporating the said amendments and the said Agreement dated 11<sup>th</sup> January, 2011 and the said Special Resolution passed in the Extra Ordinary General Meeting of the Company held on 12<sup>th</sup> January, 2011 are

available for inspection by the Members of the Company at its Corporate Office situated at 1106 to 1121, 11<sup>th</sup> Floor, West Wing, Tulsiani Chambers, 212, Backbay Reclamation, Free Press Journal Road, Nariman Point, Mumbai - 400 021, between 11.00 a.m. to 1.00 p.m. on any working day of the Company.

Your Directors recommend the Special Resolution for your approval.

Except, Ms. Binaisha Zaveri herself and Mr. Shrikant Zaveri and Ms. Raashi Zaveri being her relatives, no other Directors of the Company is concerned or interested in the said resolution.

This explanation together with accompanying notice is and should be treated as abstract under Section 302 of the Companies Act, 1956 in respect of the remuneration payable to Whole-time Director of the Company.

**Item No. 8**

**Fixing of remuneration payable to Ms. Raashi Zaveri, Director - Finance of the Company:**

The present term of appointment of Ms. Raashi Zaveri, Director - Finance of the Company as per the approval of Members given by a Special Resolution passed at the Extra Ordinary General Meeting of the Company held on 12<sup>th</sup> January, 2011 is for the period of five years i.e. from 1<sup>st</sup> January, 2011 to 31<sup>st</sup> December, 2015 and her Remuneration was approved by the said Special Resolution for the period of three years i.e. from 1<sup>st</sup> January, 2011 to 31<sup>st</sup> December, 2013.

On the basis of the recommendations of the Remuneration Committee of the Board of Directors and subject to approval of the Members, the Board has fixed the remuneration payable to Ms. Raashi Zaveri, Director - Finance of the Company, from 1<sup>st</sup> January, 2014 to 31<sup>st</sup> December, 2015.

The remuneration structure and terms and conditions of her remuneration are set out hereunder:

**1. Period of Remuneration:** From 1<sup>st</sup> January, 2014 to 31<sup>st</sup> December, 2015 (2 years)

**2. Remuneration:**

**a) Basic Salary:**

₹ 2,592,000 per month (i.e. ₹ 31,104,000 per annum), with an annual increment upto 20% per

annum starting from 1<sup>st</sup> January, 2015, as may be decided by the Board of Directors of the Company from time to time.

**b) Commission:**

Such remuneration by way of Commission, in addition to the salary, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceiling stipulated in Sections 198 and 309 of the Companies Act, 1956. The exact amount payable will be decided by the Board of Directors based on certain performance criteria and shall be payable only after the Annual Accounts of the Company have been approved by the Board of Directors and adopted by the shareholders.

**c) Reimbursement:**

The Company shall reimburse to Ms. Raashi Zaveri, Director - Finance of the Company all the actual expenses incurred by her wholly, necessarily and exclusively for and on behalf of the Company and / or incurred in performance of the duties to the Company.

**3. Minimum Remuneration:**

Notwithstanding anything to the contrary contained herein, where in any financial year, during the currency of the tenure of Ms. Raashi Zaveri, as the Director - Finance of the Company, the Company has no profits or its profits are inadequate, the Company will pay salary as specified above to Director - Finance as minimum remuneration.

The aggregate of the remuneration as aforesaid shall be within the maximum limits as laid down under Sections 198, 309, 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, as amended and as in force from time to time.

All other terms and conditions of her appointment which have been approved by the Members at the Extra Ordinary General Meeting of the Company held on 12<sup>th</sup> January, 2011 and have been mentioned in the Agreement dated 11<sup>th</sup> January, 2011 entered into by and between the Company

and Ms. Raashi Zaveri will remain the same.

The draft Amendment Agreement to be entered into by and between the Company and Ms. Raashi Zaveri incorporating the said amendments and the said Agreement dated 11<sup>th</sup> January, 2011 and the said Special Resolution passed in the Extra Ordinary General Meeting of the Company held on 12<sup>th</sup> January, 2011 are available for inspection by the Members of the Company at its Corporate Office situated at 1106 to 1121, 11<sup>th</sup> Floor, West Wing, Tulsiani Chambers, 212, Backbay Reclamation, Free Press Journal Road, Nariman Point, Mumbai - 400 021, between 11.00 a.m. to 1.00 p.m. on any working day of the Company.

Your Directors recommend the Special Resolution for your approval.

Except, Ms. Raashi Zaveri herself and Mr. Shrikant Zaveri and Ms. Binaisha Zaveri being her relatives, no other Directors of the Company is concerned or interested in the said resolution.

This explanation together with accompanying notice is and should be treated as abstract under Section 302 of the Companies Act, 1956 in respect of the remuneration payable to Director - Finance of the Company.

**Item No. 9**

**Borrowing limits of the Company {Section 293(1)(d)}:**

In view of the Company's business requirements and its growth plans, in supersession of all previous resolutions passed, if any, it is considered appropriate to seek the consent of the Members to authorise the Board to borrow in excess of the aggregate of paid-up capital and free reserves of the Company as per Section 293(1)(d) of the Companies Act, 1956, for the amount maximum upto ₹ **20,000,000,000 (Rupees Two Thousand Crores only)** (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) as outstanding, at any time as set out in the resolution.

Your consent is therefore sought to authorise the Board to borrow in excess of the paid-up capital and free reserves of the Company, for the maximum amount upto ₹ **20,000,000,000 (Rupees Two Thousand Crores only)** (apart from temporary loans obtained from the Company's bankers in the ordinary course of business)



as outstanding, at any time as set out in the resolution.

Your Directors recommend an Ordinary Resolution for your approval.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

#### Item No. 10

##### Creation of Charge {Section 293(1)(a)}:

The borrowings by a Company, in general, is required to be secured by mortgage or charge on all or any of the movable or immovable properties of the Company in such form, manner and ranking as may be determined by the Board of Directors of the Company from time to time, in consultation with the lenders.

Section 293(1)(a) of the Companies Act, 1956, provides inter-alia that the Board of Directors shall not except with the consent of the Members in General Meeting, sell, lease, or otherwise dispose of the whole, or substantially the whole, or each such undertaking, where the Company has more than one undertaking. Since the mortgage and/or charge to be created in respect of the aforesaid borrowing may be considered as disposal of the Company's undertaking, it is

advisable, the proposal of creation of the mortgage in favour of various banks, institutions, investors, mutual funds, companies, other corporate bodies, resident/non-resident Indians, foreign nationals, to secure borrowings upto an aggregate amount not exceeding **₹ 20,000,000,000 (Rupees Two Thousand Crores only)**, be approved by the shareholders by way of ordinary resolution, pursuant to the provisions of Section 293(1) (a) of the Companies Act, 1956.

Your Directors recommend an Ordinary Resolution for your approval.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

For and on behalf of the Board of Directors of  
**Tribhovandas Bhimji Zaveri Limited**

#### Shrikant Zaveri

Chairman & Managing Director

Place : Mumbai

Date : 25<sup>th</sup> July, 2013

Registered Office:

241 / 43, Zaveri Bazar, Mumbai - 400 002, India.

# Directors' Report

To,  
The Members of

Tribhovandas Bhimji Zaveri Limited,

Your Directors are pleased to present the Sixth Annual Report on the business and operations of your Company together with the audited financial statements and Auditors' Report for the financial year ended 31<sup>st</sup> March, 2013:

## FINANCIAL RESULTS

The financial performance of your Company for the financial year ended 31<sup>st</sup> March, 2013 is summarised below:

(₹ in Lakhs)

Particulars	Standalone Financials	
	For the year ended 31 <sup>st</sup> March, 2013	For the year ended 31 <sup>st</sup> March, 2012
Revenue from operations	165,833.77	138,546.99
Other Income	588.23	160.90
<b>Total Income</b>	<b>166,422.00</b>	138,707.89
Earnings before Finance Cost, Depreciation and Amortisation	15,310.25	12,367.01
Less:		
Finance Cost	2,149.42	3,148.22
Depreciation and Amortisation	804.37	526.27
<b>Net Profit for the year before Taxes</b>	<b>12,356.46</b>	8,692.52
<b>Less: Provision for Taxes</b>		
Current Tax	4,203.00	3,130.00
Deferred Tax Assets	(180.83)	(162.84)
(Excess)/ Short Provision for tax of earlier years	(165.81)	6.05
<b>Profit after tax</b>	<b>8,500.10</b>	5,719.31
Add: Balance Brought Forward from Previous Year	10,825.26	5,607.81
Add: Employee Stock Options outstanding at the commencement of the year	132.29	102.55
<b>Surplus Available for Appropriation</b>	<b>19,457.65</b>	11,429.67
<b>Appropriations:</b>		
Transfer to general reserve	850.01	-
Proposed Dividend	1,500.00	500.00
Dividend Tax	254.92	81.11
Excess provision of tax pertaining to earlier years	-	(79.25)
<b>Total Appropriations</b>	<b>2,604.93</b>	501.86
<b>Surplus Available after Appropriation</b>	<b>16,852.72</b>	10,927.81
Add: Addition/(reduction) on option granted	(60.46)	29.74
Add : Balance in Security Premium Account	16,697.33	-
Add : Balance General Reserve	850.01	-
<b>Balance carried forward to Balance Sheet</b>	<b>34,339.60</b>	10,957.55

## FINANCIAL PERFORMANCE

Your Company has reported healthy growth during the financial year 2012 – 2013. Total income increased to ₹ 166,422.00 Lakhs from ₹ 138,707.89 Lakhs in the previous financial year, at a growth rate of 19.98%. The profit before tax increased to ₹ 12,356.46 Lakhs, up by 42.15% while net profit after tax increased to ₹ 8,500.10 Lakhs, up by 48.62%.

Sale of Gold Jewellery increased by 23.96% to ₹ 124,183.14 Lakhs as compared to ₹ 100,176.52 Lakhs during the previous financial year. Sale of Diamond-studded Jewellery increased by 9.89% to ₹ 38,540.63 Lakhs as compared to ₹ 35,073.32 Lakhs during the previous financial year.

The Gross Profit Margin for the financial year 2012 – 2013 has improved to 18.82% from 17.54% in the previous financial year. In the absolute term the Gross Profit has increased by 28.37% to ₹ 31,203.73 Lakhs as compared to ₹ 24,307.36 Lakhs during the previous financial year.

The EBITDA for the financial year 2012 – 2013 has improved to 9.20% from 8.92% in the previous financial year.

During the current financial year, your Company has opened eleven new showrooms in ten cities and four states totaling the number of showrooms to twenty five in nineteen cities and seven states.

## DIVIDEND

Your Directors are pleased to recommend dividend of ₹ 2.25 (Two Rupees Twenty Five Paise only) per Equity Share (i.e. 22.50%) of face value of ₹ 10 each for the financial year ended 31<sup>st</sup> March, 2013, subject to the approval of the Shareholders at the ensuing Annual General Meeting, against the dividend of ₹ 0.75 per Equity Share (i.e. 7.50%) for the financial year ended 31<sup>st</sup> March, 2012. The total outgo for the current financial year amounts to ₹ 175,492,501 (\*) (Rupees Seventeen Crores Fifty Four Lakhs Ninety Two Thousand Five Hundred One only), including dividend distribution tax of ₹ 25,492,500 (Rupees Two Crores Fifty Four Lakhs Ninety Two Thousand Five Hundred only) as compared to ₹ 58,111,250 (Rupees Five Crores Eighty One Lakhs Eleven Thousand Two Hundred Fifty only) during previous financial year, including dividend distribution tax of ₹ 8,111,250 (Rupees Eighty One Lakhs Eleven Thousand Two Hundred Fifty only) in the previous financial year.

(\*) However, under the Employees Stock Option Scheme, viz. 'TBZ ESOP, 2011' the first tranche of 38,843 granted options are vested to the employees and the vesting period opened from 9<sup>th</sup> May, 2013 to 8<sup>th</sup> June, 2013, where eligible employees could exercise their options. As on the date of signing of this Director's Report, the employees have yet to exercise their options. The period of exercise and allotment of the Equity Shares under the ESOP Scheme will fall before the date of book closure and the said allotment will also have the right to dividend as the new Equity Shares shall rank pari passu with the existing Equity Shares in all respects. The above stated dividend amount including dividend tax amount will be subject to change to the extent of number of Equity Shares that get allotted under 'TBZ ESOP, 2011'.

## CONSOLIDATED ACCOUNTS

The Ministry of Corporate Affairs (MCA) vide General Circular No. 2/2011 and 22/2011 dated 8<sup>th</sup> February, 2011 and 2<sup>nd</sup> May, 2011 respectively, issued a direction under Section 212(8) of the Companies Act, 1956 that the provisions of Section 212 shall not apply to Companies in relation to their subsidiaries, subject to fulfilling certain conditions mentioned in the said circular with immediate effect. The Board of Directors of your Company at its meeting held on 28<sup>th</sup> May, 2013, approved the Audited Consolidated Financial Statements for the financial year 2012 – 2013 in accordance with the Accounting Standard (AS-21) and other applicable Accounting Standard issued by the Institute of Chartered Accountants of India as well as Clause 32 of the Listing Agreement, which include financial information of all subsidiaries, and which forms part of this report. The Consolidated Financial Statement of your Company for the financial year 2012 – 2013, is prepared in compliance with applicable Accounting Standards and where applicable Listing Agreement as prescribed by the Securities and Exchange Board of India.

The annual accounts and financial statements of the subsidiary companies of your Company and related detailed information shall be made available to members on request and are open for inspection at the Registered Office of your Company. Your Company has complied with all the conditions as stated in the circular and accordingly has not attached financial statements of its subsidiary companies for the

financial year 2012 – 2013. A statement of summarised financials of all subsidiaries of your Company including capital, reserves, total assets, total liabilities, details of investments, turnover, etc., pursuant to the General Circular issued by the Ministry of Corporate Office, forms part of this report.

### CHANGES IN AUTHORISED SHARE CAPITAL

During the financial year 2012 – 2013 there was no change in the Authorised Share Capital of your Company.

### CHANGES IN PAID-UP SHARE CAPITAL

During the financial year 2012 – 2013 your Company came out with the Initial Public Offer (IPO) of 16,666,667 Equity Shares and which result in increasing the Paid-up Share Capital of your Company by ₹ 166,666,670.

The Paid-up Share Capital of your Company increased from ₹ 500,000,000 to ₹ 666,666,670 during the financial year 2012 – 2013.

### LISTING OF COMPANY'S EQUITY

Your Company made an Initial Public Offer (IPO) of 16,666,667 Equity Shares of ₹ 10 (Rupees Ten only) each at the price band of ₹ 120 to ₹ 126. The issue was kept open for Anchor Investor on 23<sup>rd</sup> April, 2012. The issue was opened on 24<sup>th</sup> April, 2012 and was closed on 26<sup>th</sup> April, 2012. The issue received 7,252 applications for 19,474,470 Equity Shares resulting in 1.17 times subscription. The category wise subscription details are given below (Before technical rejections):

Category	No. of Applications Received	No. of Equity Shares	No. of times Subscribed
Retail Individual Bidders	7,153	3,542,805	0.61
Non Institutional Bidders	89	4,681,665	1.87
Qualified Institutional Bidders	7	7,515,990	1.29
Anchor Investors	3	3,734,010	1.49
<b>TOTAL</b>	<b>7,252</b>	<b>19,474,470</b>	<b>1.17</b>

Your Company in consultation with IDFC Capital Limited and Avendus Capital Private Limited, Book Running Lead Managers determined the price of ₹ 120 per Equity Share (including a share premium of ₹ 110 per Equity Share) for cash aggregating to ₹ 2,000,000,040 (Rupees Two Hundred Crores Forty only). The issue constituted 25% of the fully diluted post issue paid up capital of your Company.

Your Company has appointed BSE Limited (BSE) as its designated Stock Exchange. Your Company applied to BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) for listing approval. Your Company got listing approval from both Stock Exchanges on 7<sup>th</sup> May, 2012. Your Company's Equity Shares were listed on both the Stock Exchanges on Wednesday, 9<sup>th</sup> May, 2012.

### PURCHASE OF PREMISES TO BE USED AS CORPORATE OFFICE OF YOUR COMPANY AND SHIFTING OF CORPORATE OFFICE OF YOUR COMPANY

During the year under review your Company has purchased the commercial premises through the bidding process at a purchase consideration of ₹ 2,505.01 Lakhs for the property situated at 1106 to 1121, 11<sup>th</sup> Floor, West Wing, Tulsiani Chambers, 212, Backbay Reclamation, Free Press Journal Road, Nariman Point, Mumbai – 400 021 and shifted its Corporate Office to the said owned premises on 12<sup>th</sup> March, 2013 from the previous Leave and License premises situated at 228, Ground Floor, Mittal Chambers, Nariman Point, Mumbai – 400 021. The new premises shall also meet the demand for additional space required for new staff in view of the ongoing expansion programme of your Company.



## WHOLLY OWNED SUBSIDIARY COMPANIES

For the year under review your Company has two wholly owned subsidiaries namely; Tribhovandas Bhimji Zaveri (Bombay) Limited and Konfiaance Jewellery Private Limited.

As required under the Listing Agreement with the Stock Exchanges the audited consolidated financial statements of your Company incorporating both its wholly owned subsidiary companies prepared in accordance with applicable Accounting Standards are attached.

Tribhovandas Bhimji Zaveri (Bombay) Limited is operating its manufacturing activities from 106, Kandivali Industrial Estate, Charkop, Kandivali (West), Mumbai – 400 067. The said property is taken on Leave & License basis from its holding company.

During the financial year 2012 – 2013, Tribhovandas Bhimji Zaveri (Bombay) Limited has reported a total revenue of ₹ 2,155.04 Lakhs, profit before tax of ₹ 205.00 Lakhs and net profit after tax of ₹ 137.52 Lakhs. Konfiaance Jewellery Private Limited is a non-operational company.

Your Board of Directors in the Board Meeting dated 28<sup>th</sup> May, 2013, has approved the proposal for Merger

of two wholly owned subsidiaries, viz. Tribhovandas Bhimji Zaveri (Bombay) Limited and Konfiaance Jewellery Private Limited with the Holding Company, i.e. Tribhovandas Bhimji Zaveri Limited, under the Scheme of Amalgamation.

## PERFORMANCE/ STATE OF COMPANY'S AFFAIRS

As on 31<sup>st</sup> March, 2013, your Company was operating from a total of twenty five (25) showrooms in nineteen cities and seven states and your Company has one Corporate Office at Tulsiani Chambers, Nariman Point which was purchased by your Company during the year. On 1<sup>st</sup> April, 2012, your Company has inaugurated a new bigger format showroom at Pune in place of its old small format showroom.

During the year under review your Company has opened eleven (11) new showrooms at Churchgate (Mumbai), Vasai (Maharashtra), Nagpur (Maharashtra), Aurangabad (Maharashtra), Vashi (Navi Mumbai), Vadodara (Gujarat), Vapi (Gujarat), Bhavnagar (Gujarat), Camac Street (Kolkata), Kankurgachi (Kolkata) and Raipur (Chhattisgarh).

On 1<sup>st</sup> April, 2013, your Company has opened a new showroom at Gandhidham (Gujarat) which takes the total number of showrooms to twenty six (26) as on 1<sup>st</sup> April, 2013.

## AWARDS & RECOGNITION

During the year under review your Company has won following awards:

Year	Awards
2012	Retail Jewellers India Awards - (i) 360 Degree Marketing Campaign of the year (ii) Best Radio campaign of the year.
2012	India International Gold Convention Awards from the Bombay Bullion Association Limited - Best Branded Traditional Jewellery.
2012	Indian Jewellers Choice Design Awards in three categories - (i) Diamond Jewellery Over ₹ 500,000 (ii) Emerald Jewellery Under ₹ 500,000 (iii) Emerald Jewellery Over ₹ 500,000.
2013	Asia Retail Congress - Retail Leadership Award to Mr. Shrikant Zaveri, CMD.
2013	National Jewellery Award 2013 - Best Single Store of the Year- Central East (Camac Street, Kolkata).

## NEW PRODUCT LAUNCH

Your Company has launched the "Dohra Detachable Wedding Jewellery" a new range of wedding jewellery which ensures multi-utility designer jewellery bought as wedding jewellery for the wedding day which is detachable as mix-n-match pieces for other occasions such as family dinners or kitty parties or corporate events and other social get-togethers.

## CREDIT RATING

During the year under review CRISIL has upgraded its ratings of the Bank loan facilities of your Company to 'CRISIL A-/Stable' from 'CRISIL BBB+/Stable' as per CRISIL Letter Ref. No. BS/ BLR/ TBZPL/ AUG12/ 75811 dated 28<sup>th</sup> August, 2012.

CRISIL vide Letter Ref. No. BS/BLR/TBZPL/MAY13/88638 dated 7<sup>th</sup> May, 2013 has made review of Credit Rating

to the Bank Facility of your Company which is stated as follows:

Total Bank Loan Facilities Rated	₹ 4,620 Million (Enhanced from ₹ 2,830 Million)
Long-Term Rating	CRISIL A- / Stable (Reaffirmed)
Short-Term Rating	CRISIL A2+ (Assigned)

## INCREASE IN INVENTORIES

The inventory of your Company as on 31<sup>st</sup> March, 2013 has increased by ₹ 52,504.66 Lakhs as compared to the inventory on 31<sup>st</sup> March, 2012. The increase in inventory is due to the opening of eleven new showrooms during the year and opening of the twelfth showroom on 1<sup>st</sup> April, 2013.

## OPERATIONS

The operations of your Company are elaborated in the annexed Management Discussion and Analysis Report.

## GOLD LOAN SCHEME

Having participated in the Gold Loan Schemes extended by banks to various jewellery companies your Company continuous to do so, additionally supplementing its raw material requirements through these Schemes.

## RECENT DEVELOPMENT

Your Board of Directors in the Board Meeting dated 28<sup>th</sup> May, 2013, has approved the proposal for Merger of two wholly owned subsidiaries, viz. Tribhovandas Bhimji Zaveri (Bombay) Limited and Konfiaance Jewellery Private Limited with the Holding Company, i.e. Tribhovandas Bhimji Zaveri Limited, under the Scheme of Amalgamation.

## RELATED PARTIES

A statement of related party transactions pursuant to Accounting Standard - 18 forms a part of notes to accounts.

## TRANSFER TO RESERVES

During the year under review, your Company has transferred ₹ 16,697.33 Lakhs to Securities Premium Account and ₹ 850.01 Lakhs to the General Reserve.

## FIXED DEPOSITS

During the year under review your Company has not accepted or invited any fixed deposits from the public

and there are no outstanding fixed deposits from the public as on the Balance Sheet date.

## INSURANCE

All the insurable interests of your Company including inventories, buildings, plant and machinery and liabilities under legislative enactments are adequately insured.

## DISCLOSURE UNDER SECTION 274(1)(G)

None of the Directors of your Company are disqualified from being appointed as Directors as specified u/s 274(1)(g) of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2000.

## DIRECTORS

Mr. Shrikant Zaveri, Chairman & Managing Director and Ms. Binaisha Zaveri, Whole-time Director of your Company who are not liable to retire by rotation and Ms. Raashi Zaveri, Director - Finance of your Company who is liable to retire by rotation; were all re-appointed for the period of five years from 1<sup>st</sup> January, 2011 to 31<sup>st</sup> December, 2015 and their remunerations were fixed for the period of three years from 1<sup>st</sup> January, 2011 to 31<sup>st</sup> December, 2013, by way of a Special Resolution passed by the members in the Extra Ordinary General Meeting, dated 12<sup>th</sup> January, 2011. In addition to this, your Company has made the revision in remuneration structure and fixed the remuneration of Mr. Shrikant Zaveri, Chairman and Managing Director of your Company, for period of three years i.e. from 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2015 by way of a Special Resolution passed by members in the Annual General Meeting of your Company held on 24<sup>th</sup> September, 2012.

Ms. Raashi Zaveri who was the Whole-time Director of your Company was re-designated as the Director - Finance in the Board Meeting dated 28<sup>th</sup> May, 2013 with immediate effect.

Your Company proposes to fix the remuneration payable to Ms. Binaisha Zaveri, Whole-time Director and Ms. Raashi Zaveri, Director - Finance of your Company for the period of two years, from 1<sup>st</sup> January, 2014 to 31<sup>st</sup> December, 2015, subject to the approval of members by way of a Special Resolution at the ensuing Annual General Meeting of your Company and the details of the same will be available in the notice forming part of this Annual Report.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of your Company, Mr. Kamlesh Vikamsey, Independent Director and Ms. Raashi Zaveri, Director - Finance of your Company, are liable to retire by rotation and being eligible, have offered themselves for re-appointment at the ensuing Annual General Meeting.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 217 (2AA) of the Companies Act, 1956, and based on the representations received from the operating management, your Directors hereby confirm that:

- (a) in preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent; so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for the financial year;
- (c) they have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956. They confirm that there are adequate systems and controls for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared the Annual Accounts on a going concern basis.

## REVIEW OF ANNUAL ACCOUNTS BY AUDIT COMMITTEE

Financials of your Company for the financial year ended 31<sup>st</sup> March, 2013 were reviewed by the Audit Committee before being placed before the Board.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are as under:

1. Part A & B pertaining to conservation of energy and technology absorption are not applicable to your Company.

2. Foreign Exchange earnings and outflow:

Earnings - ₹ NIL

Outflow - ₹ 699.55 Lakhs

## HUMAN RESOURCES AND EMPLOYEE RELATIONS

Attracting, retaining and developing talent continued to be a focus area for your Company. The increased focus on capability enhancement and employee engagement had a positive impact on talent retention as reflected in the lower attrition levels. Your Company has total employees strength of 1,664 as on 31<sup>st</sup> March, 2013. Employee Relations continued to be cordial at all levels.

## PARTICULARS OF EMPLOYEES

Particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, form part of this Report.

However, having regard to the provision of Section 219 (1)(b)(iv) of the Companies Act, 1956, the Annual Report and Accounts are being sent to the members excluding the statement of particulars of employees under Section 217 (2A) of the Companies Act, 1956. Any member interested in obtaining the copy of the said statement may write to your Company Secretary at the Corporate Office of your Company or by sending email at [investors@tbzoriginal.com](mailto:investors@tbzoriginal.com).

## MANAGEMENT DISCUSSION AND ANALYSIS

A detailed review of operations, performance and future outlook of your Company and its business is given in the Management Discussion and Analysis which forms part of this Report.

## CORPORATE GOVERNANCE

Your Company acknowledges its responsibilities to its Stakeholders and believes that Corporate Governance helps to achieve commitment and goals to enhance stakeholder's value by focusing towards all stakeholders. Your Company maintains highest level of transparency, accountability and good management practices through the adoption and monitoring of

corporate strategies, goals and procedures to comply with its legal and ethical responsibilities. Your Company is committed to meeting the aspirations of all its stakeholders.

Your Company is fully committed to and continues to follow procedures and practices in conformity with the Code of Corporate Governance enshrined in Clause 49 VI of the Listing Agreement. A detailed report on Corporate Governance forms part of this Report. The Auditors' Certificate on compliance with Corporate Governance requirements by your Company is attached to the Report on Corporate Governance.

### LISTING FEES

The Equity Shares of your Company are listed on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). Your Company has paid the applicable listing fees to the above Stock Exchanges upto the date. Your Company's shares are also traded in dematerialised segment for all investors compulsorily and your Company had entered into agreements with the Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL) for custodial services.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The management continuously reviews the internal control systems and procedures for the efficient conduct of your Company's business. Your Company adheres to the prescribed guidelines with respect to the transactions, financial reporting and ensures that all its assets are safeguarded and protected against losses. The Internal Auditor of your Company conducted the audit on regular basis and the Audit Committee actively reviews internal audit reports and effectiveness of internal control systems.

Internal Control Systems are implemented to safeguard your Company's assets from loss or damage, to keep constant check on purposes and the cost structure, to prevent revenue leakages, to provide adequate financial and accounting controls and implement accounting standards.

### INVESTORS' RELATION AND GRIEVANCES

Investors' relations have been cordial during the year. As a part of compliance, your Company has formed Shareholders' / Investors' Grievance Committee to

deal with the issue relating to investors. There were no investors' grievances pending as on 31<sup>st</sup> March, 2013. A confirmation to this effect has been received from your Company's Registrar and Share Transfer Agent.

### PARTICIPATION IN THE GREEN INITIATIVE

Your Company continues to wholeheartedly participate in the Green Initiative undertaken by the Ministry of Corporate Affairs (MCA) for correspondences by Corporates to its shareholders through electronic mode. All the shareholders are requested to join the said program by sending their preferred e-mail addresses to the Registrar and Share Transfer Agent.

### EMPLOYEE STOCK OPTION SCHEME

The details of the shares issued under ESOP, as also the disclosures in compliance with Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are set out in the Annexure to this Report.

No employee has been issued Options, during the year equal to or exceeding 1% of the issued capital of your Company at the time of the grant.

Pursuant to the approval of the members at the Extra Ordinary General Meeting held on 12<sup>th</sup> January, 2011, your Company adopted the Employees Stock Option Scheme, viz. 'TBZ ESOP, 2011'. The Scheme has been in compliance with the relevant provisions of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. Your Company has granted total 208,433 Equity Shares consisting of 111,309 Stock Options of ₹ 149.93 each and 97,124 Restricted Stock Units (RSUs) at face value of ₹ 10 each, which represents 0.42% of the pre-Issue paid up equity capital of your Company and 0.31% of the fully diluted post-Issue paid up capital of your Company. These options were granted to seven employees of your Company. The granted options will be vested in three tranches at the end of 12 months, 24 months and 36 months from the date of grant of option or from the date of listing (i.e. from 9<sup>th</sup> May, 2012) whichever is later.

Before starting of the vesting period of the first tranche of the option, out of total seven employees to whom ESOP were granted, three employees have resigned and the total 109,048 Equity Shares consisting of 58,235 Stock Options of ₹ 149.93 each and 50,813 Restricted



Stock Units (RSUs) of ₹ 10 each, which were granted to these employees were cancelled.

Your Company has received in principle approval for the balance granted Equity Shares towards Listing of your Company's 99,385 Equity Shares consisting of 53,074 Stock Options of ₹ 149.93 each and 46,311 Restricted Stock Units (RSUs) of ₹ 10 each to be issued under pre-IPO Employees Stock Option Scheme, viz. 'TBZ ESOP, 2011' from both the Stock Exchanges, viz. National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) and bearing reference no. NSE/LIST/201961-K dated 19<sup>th</sup> April, 2013 and reference no. DCS/IPO/NJ/ESOP-IP/051/2013-14 dated 23<sup>rd</sup> April, 2013, respectively.

## CONSOLIDATED FINANCIAL STATEMENTS

Your Directors are pleased to attach the Consolidated Financial Statements pursuant to Clause 32 of the Listing Agreement entered into with the Stock Exchanges and prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India, in this regard.

## AUDITORS' REPORT

The observations made in the Auditors' Report, read together with the relevant notes thereon are self-explanatory and hence, do not call for any comments under Section 217 of the Companies Act, 1956.

The Auditors' Report to the Shareholders does not contain any qualification.

## STATUTORY AUDITORS

M/s. B S R and Co, Chartered Accountants, who are the Statutory Auditors of your Company, hold office, in accordance with the provisions of the Companies Act, 1956 till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

Your Company has received letter from the retiring auditor to the effect that their re-appointment as Statutory Auditors, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and they are not disqualified for re-appointment within the meaning of Section 226 of the Companies Act, 1956.

## ACKNOWLEDGEMENT

The Board wishes to place on record its appreciation of sincere efforts put in by the employees of your Company, in helping it reach the current growth level.

Your Directors place on record their appreciation for the support and assistance received from the investors, customers, vendors, bankers, financial institutions, business associates, Central & State Government authorities, Regulatory authorities and Stock Exchanges.

For and on behalf of the Board of Directors of  
**Tribhovandas Bhimji Zaveri Limited**

Date: 28<sup>th</sup> May, 2013  
Place: Mumbai

**Shrikant Zaveri**  
Chairman & Managing Director

**Raashi Zaveri**  
Director – Finance

# Annexure to Directors' Report

## PRE- IPO EMPLOYEES STOCK OPTION SCHEME ('TBZ ESOP, 2011')

Statement as on 31<sup>st</sup> March, 2013 pursuant to Clause 12 (Disclosure in the Directors' Report) of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999:

Particulars	2012-2013	
	Stock Options	Restricted Stock Units (RSUs)
a) Options granted (on 12 <sup>th</sup> January, 2011 - Pre IPO)	111,309	97,124
b) The pricing formula	Under the Scheme, all the options were granted prior to the listing of the Equity Shares of your Company. These options were granted at a discount to the annual valuation. ₹ 149.93	Face Value of the Equity Share. ₹ 10
c) Options vested	NIL	NIL
d) Options exercised	NIL	NIL
e) The Total number of shares arising as a result of exercise of options	NIL	NIL
f) Options lapsed	58,235	50,813
g) Variation of terms of options	N.A.	N.A.
h) Money realised by exercise of options	NIL	NIL
i) Total number of options in force	53,074	46,311
j) Employee wise details of options granted	Please refer to Note No. 1	Please refer to Note No. 1
k) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with [Accounting Standard (AS) 20 'Earnings Per Share'	Please refer to Note No. 30.14 of Notes to Accounts of Standalone Financial Statement	Please refer to Note No. 30.14 of Notes to Accounts of Standalone Financial Statement
l) Where your Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of your Company shall also be disclosed	Please refer to Note No. 30.2 of Notes to Accounts of Standalone Financial Statement	Please refer to Note No. 30.2 of Notes to Accounts of Standalone Financial Statement
m) Weighted-average exercise prices and weighted-average fair values of options whose exercise price either equals or exceeds or is less than the market price of the stock	Stock Options not exercised as on 31 <sup>st</sup> March, 2013	Restricted Stock Units (RSUs) not exercised as on 31 <sup>st</sup> March, 2013
n) A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information	Intrinsic Value Method	Intrinsic Value Method

Particulars	2012-2013	
	Stock Options	Restricted Stock Units (RSUs)
(i) risk-free interest rate	8.03%	8.03%
(ii) expected life (years) (from date of Listing of Equity Shares on Stock Exchanges)	3 years	3 years
(iii) expected volatility	0.00%	0.00%
(iv) expected dividends	The shares issued under Stock Options rank pari passu with the existing shares.	The shares issued under Restricted Stock Units (RSUs) rank pari passu with the existing shares.
(v) the price of the underlying share in market at the time of options granted	Not Listed at time of Stock Options granted	Not Listed at time of Restricted Stock Units (RSUs) granted

#### Note No. 1

#### (j) Employee wise details of options granted (as on 31<sup>st</sup> March, 2013):

##### (i) Senior Managerial Personnel:

Name	Designation	No. of Options Granted		No. of Options Outstanding	
		Stock Options	Restricted Stock Units (RSUs)	Stock Options	Restricted Stock Units (RSUs)
Mr. Prem Hinduja	CEO	19,657	17,152	19,657	17,152
Mr. Divyesh Shah	Group Head- Retail	17,200	15,008	17,200	15,008
Mr. Kiran Dixit	Group Head- Advertising & Marketing	10,320	9,005	10,320	9,005

##### (ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year:

Name	Designation	No. of Options Granted		No. of Options Outstanding	
		Stock Options	Restricted Stock Units (RSUs)	Stock Options	Restricted Stock Units (RSUs)
Ms. Jigna Vyas	Sr. Manager- Diamond Operation	5,897	5,146	5,897	5,146

##### (iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of your Company at the time of grant:

None.

For and on behalf of the Board of Directors of  
**Tribhovandas Bhimji Zaveri Limited**

Date: 28<sup>th</sup> May, 2013  
Place: Mumbai

**Shrikant Zaveri**  
Chairman & Managing Director

**Raashi Zaveri**  
Director - Finance

# Report on Corporate Governance

Your Company has been listed w.e.f. 9<sup>th</sup> May, 2012 on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). Your Company has complied with the guidelines on Corporate Governance stipulated in Clause 49 of the Listing Agreement entered with the Stock Exchanges, the disclosure requirements of which are given below:

## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company believes that good Corporate Governance is essential in achieving long-term corporate goals, enhancing shareholders' value and attaining the highest level of transparency. Your Company is committed to achieving the highest standard of Corporate Governance, accountability and equity in all facets of its operations and in all interactions with stakeholders. Your Company believes that all its operations and actions must serve the underlined goal of enhancing customers' satisfaction and shareholders' value over a sustained period of time.

### I. Board of Directors

- A. The composition of the Board of Directors represents the optimum combination of professionalism, knowledge and experiences and enables the Board to discharge its responsibilities and provide effective leadership to the business. The Board comprises of Executive and Independent Directors as required under applicable legislation. As on 31<sup>st</sup> March, 2013, the Board consists of six Directors comprising of three Executive Directors and three Independent Directors, i.e. fifty (50%) percent of the Board comprises of Independent Directors.

During the year, Mr. Ravindra Nagarkar, Chief Executive Officer has resigned on the ground of ill health and left the organisation and Mr. Prem Hinduja, who was Chief Financial Officer, is promoted to Chief Executive Officer of your Company. Till the position of Chief Financial Officer is filled, Mr. Prem Hinduja, Chief Executive Officer of your Company has also to discharge the function of Chief Financial Officer as decided by the Board. Your Company has initiated the search and recruitment process for the Chief Financial Officer of your Company. In the Board Meeting dated 28<sup>th</sup> May, 2013 your Company has re-designated Ms. Raashi Zaveri as Director – Finance from the position of Whole-time Director of your Company with immediate effect.

During the year, the Board of Directors comprises of Mr. Shrikant Zaveri, Chairman & Managing Director, Ms. Binaisha Zaveri, Whole-time Director and Ms. Raashi Zaveri, Director - Finance. The other three are Independent Directors, namely Mr. Kamlesh Vikamsey, Mr. Ajay Mehta and Mr. Sanjay Asher.

None of the Directors on the Board is a Member of more than 10 Committees and the Chairman of more than 5 committees (Committees being Audit Committee and Shareholders' / Investors' Grievance Committee, as per Clause 49 I (C) (ii) of the Listing Agreement), across all the companies in which he/she is a Director. The necessary disclosure regarding committee positions have been made by all the Directors. None of the Directors hold office in more than 15 public limited companies including private limited companies which are subsidiary of public company.



During the year, seven Board Meetings were held on 12<sup>th</sup> April, 2012, 3<sup>rd</sup> May, 2012, 30<sup>th</sup> May, 2012, 6<sup>th</sup> August, 2012, 24<sup>th</sup> September, 2012, 7<sup>th</sup> November, 2012 and 6<sup>th</sup> February, 2013.

B. The Composition of the Board of Directors, their attendance at the Board Meeting during the year and at the last Annual General Meeting along with number of outside directorships, committee's chairmanship/memberships is as follows:

Name of the Directors	Category of Directorship	No. of Board Meetings Attended	Attendance at last AGM held on 24.09.2012	No. of outside Directorship in all Companies*	No. of outside Committee Membership/ Chairmanship in all Companies**	
					Member	Chairman
Mr. Shrikant Zaveri	CMD	7	Yes	1	Nil	Nil
Ms. Binaisha Zaveri	WTD	6	No	1	Nil	Nil
Ms. Raashi Zaveri	DF	7	Yes	1	Nil	Nil
Mr. Kamlesh Vikamsey	ID	6	Yes	12	5	3
Mr. Ajay Mehta	ID	6	Yes	1	2	Nil
Mr. Sanjay Asher	ID	7	Yes	14	6	4

**Note:**

\* Directorship across all the companies excluding directorship in private limited companies which are not a subsidiary of public limited company, foreign companies, government companies and companies under Section 25 of the Companies Act, 1956.

\*\* Chairmanship and Membership of Audit Committee and Shareholders' / Investors' Grievance, Share Allotment and Share Transfer Committee only.

**CMD** – Chairman & Managing Director, **WTD** – Whole-time Director, **DF** – Director - Finance, **NED** - Non-Executive Director, **ID** – Independent Director.

Independent Directors have been paid Sitting Fees for attending the meetings. Further, the Commission is also paid to them which is within the limit of 1% of the net profits of your Company as per the applicable provisions of the Companies Act, 1956. Your Company has not had any pecuniary relationship and transaction with any of the Independent Directors during the year.

The Leave of Absence were granted to the Directors who were absent for the meetings.

**C. Board Procedure**

Your Company holds at least four Board Meetings in a year, one in each quarter inter-alia to review the financial results of your Company. The date of Board Meetings is agreed upon well in advance of the meeting. The agenda is circulated well in advance to the Board Members, along with comprehensive background information on the

items in the agenda to enable the Board to arrive at appropriate decisions. The information required under Annexure IA to Clause 49 is made available to the Board.

The gap between the two Board Meetings does not exceed four calendar months. Apart from the four scheduled Board Meetings, additional Board Meetings are also convened to address the specific requirements of your Company. Urgent matters are also approved by the Board by passing resolutions through circulation.

All the departments in your Company communicate to the Company Secretary well in advance, the matters requiring approval of the Board/ Committees of the Board to enable inclusion of the same in the agenda for the Board/ Committee meetings.

**D. Relationship between Directors:**

Mr. Shrikant Zaveri, Chairman & Managing Director of your Company and Ms. Binaisha Zaveri, Whole-time Director and Ms. Raashi Zaveri, Director-Finance of your Company, being father and daughters, are related to each other.

Ms. Binaisha Zaveri, Whole-time Director and Ms. Raashi Zaveri, Director - Finance of your Company being sisters, are related to each other.

**E. Appointment of Directors retiring by rotation:**

Mr. Kamlesh Vikamsey, Independent Director and Ms. Raashi Zaveri, Director - Finance of your Company retiring by rotation are proposed to be re-appointed at the ensuing Annual General Meeting.

**F. Code of Conduct:**

The Board of Directors adopted two Code of Conduct ("the Codes") on 12<sup>th</sup> April, 2012 for the Board of Directors as well as for Senior Management and Employees of your Company. The Codes covers amongst other things your Company's commitment to honest and ethical personal conduct, fair competition, corporate social responsibility, sustainable environment, health and safety, transparency and compliance of laws and regulations etc. and the same are placed on the website of your Company at [www.tbztheoriginal.com](http://www.tbztheoriginal.com).

All the Board Members and Senior Management of your Company have affirmed compliance

with their Codes of Conduct for the financial year ended 31<sup>st</sup> March, 2013. A declaration to this effect duly signed by the Chief Executive Officer is annexed hereto.

**G. Remuneration Policy and details of Remuneration paid/ payable to Managing Director, Whole-time Director and Director - Finance for the year ended 31<sup>st</sup> March, 2013:**

The remuneration of your Company is directed towards rewarding performance, based on review of achievements on a periodic basis. The remuneration policy is in accordance with the existing industry practice. Your Company pays remuneration by way of salary (fixed component) and commission (variable component) to Chairman & Managing Director and pays the remuneration by way of salary (fixed component) to Whole-time Director and Director - Finance. Salary is paid within the amount fixed by the shareholders. The Commission payable to Chairman & Managing Director is calculated with reference to the net profits of your Company in a particular financial year and is determined by the Board of Directors at the end of the financial year based on the recommendations of the Remuneration Committee, subject to overall ceilings stipulated in Sections 198 and 309 of the Companies Act, 1956. The Commission amount payable to Chairman & Managing Director is based on the performance criteria laid down by the Board which broadly takes into account the profits earned by your Company for the year.

Details of remuneration paid/ payable to Managing Director, Whole-time Director and Director - Finance is as follows:

Names of Managing Director / Whole-time Director / Director - Finance	Gross Salary (in ₹)	Commission (in ₹)	Perquisites (in ₹)	Retirement Benefits (in ₹)	Stock Option
Mr. Shrikant Zaveri	50,000,000	10,000,000	—	—	—
Ms. Binaisha Zaveri	22,680,000	—	—	—	—
Ms. Raashi Zaveri	22,680,000	—	—	—	—

**H. Remuneration Policy and details of Sitting Fees & Commission paid / payable to Independent Directors:**

The Independent Directors are paid remuneration by way of Commission and Sitting Fees. In terms of shareholders' approval obtained at the Extra

Ordinary General Meeting held on 28<sup>th</sup> March, 2011, the Commission is paid at the rate not exceeding 1% per annum of the profits of your Company (computed in accordance with Section 309(5) of the Companies Act, 1956). The distribution of Commission amongst the Independent Directors

is placed before the Board. The Commission is distributed in accordance with their contribution at Board and certain Committee Meeting as well as time spent on operational matters other than at the meetings.

Your Company pays sitting fees of ₹ 20,000 per Board Meeting attended and ₹ 10,000 per meeting attended of the various Committees to the Independent Directors.

Details of sitting fees paid/ commission payable to Independent Directors of your Company as on 31<sup>st</sup> March, 2013 are as follows:

Names of the Independent Directors	Sitting Fees (In ₹)	Commission (*) (In ₹)
Mr. Kamlesh Vikamsey	180,000	1,000,000
Mr. Ajay Mehta	220,000	1,000,000
Mr. Sanjay Asher	160,000	1,000,000

The above amounts are exclusive of Service Tax @ 12.36%.

(\*) gross amount, subject to tax and payable in financial year 2013 - 2014.

#### I. Details of shares held by Directors:

Following are the details of the shares held by the Directors of your Company as on 31<sup>st</sup> March, 2013:

Names of the Directors	No. of Shares held
Mr. Shrikant Zaveri	33,392,275
Ms. Binaisha Zaveri	5,285,000
Ms. Raashi Zaveri	4,572,500
Mr. Kamlesh Vikamsey	NIL
Mr. Ajay Mehta	NIL
Mr. Sanjay Asher	6,300

#### II. Board Committees:

The Board has constituted five (05) Committees:

- 1) Audit Committee;
- 2) Remuneration Committee;
- 3) Shareholders' / Investors' Grievance Committee;
- 4) IPO Committee, and
- 5) Special Committee of the Board of Directors.

##### 1) Audit Committee:

The primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper

disclosures and transparency, integrity and quality of financial reporting.

The Committee oversees the work carried out by the Management, Statutory and Internal Auditors on the financial reporting process and the safeguards employed by them.

The Audit Committee was constituted vide Board Resolution dated 14<sup>th</sup> December, 2010 under the Chairmanship of Mr. Kamlesh Vikamsey, who comes with finance and accounting background. The terms of reference of the Audit Committee cover the matters specified under Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. The Audit Committee consists of the following members:

Name of the Members	Designation in the Committee	Nature of Directorship
Mr. Kamlesh Vikamsey	Chairman	Independent Director
Mr. Ajay Mehta	Member	Independent Director
Mr. Shrikant Zaveri	Member	Chairman & Managing Director

The Audit Committee enjoys following powers: -

1. To investigate any activity within its terms of reference;
2. To seek information from any employee;
3. To obtain outside legal or other professional advice; and
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

The role of the Audit Committee shall include the following:

1. Overseeing your Company's financial reporting process and disclosure of its financial information;
2. Recommending to the Board the appointment, re-appointment and replacement of statutory auditor and the fixation of audit fee;
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:

- a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions; and
  - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
- 5A. 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 utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
6. Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
  7. 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;
  8. Discussion with internal auditors on any significant findings and follow up there on;
  9. 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;

10. 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;
11. 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;
12. Reviewing the functioning of the whistle blower mechanism, in case the same is existing; and
13. Review of Management Discussion and Analysis of financial condition and results of operations, statements of significant related party transactions submitted by management, internal audit reports relating to internal control weaknesses, and the appointment, removal and terms of remuneration of the internal auditor.

The Audit Committee shall mandatorily review the following information:

1. Management Discussion and Analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. 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 minuted in the Board Meeting and the same has to be communicated to the shareholders. The Chairman of the committee has to attend the Annual General Meetings of your Company to provide clarifications on the matters relating to the audit.



The Company Secretary is the Secretary to the Committee.

Mr. Kamlesh Vikamsey, Chairman of the Audit Committee, was present at the last Annual General Meeting of your Company.

As at the year-end, the Audit Committee of the Board comprised of three members, two of them being Independent Directors. All members are financially literate and have relevant finance and audit exposure. Mr. Kamlesh Vikamsey is a Chartered Accountant and is a financial expert.

During the year, four Audit Committee Meetings were held on 30<sup>th</sup> May, 2012, 6<sup>th</sup> August, 2012, 6<sup>th</sup> November, 2012 and 6<sup>th</sup> February, 2013.

The attendance record of the Audit Committee members is given below:

Name of the Members	No. of Meetings	
	Held	Attended
Mr. Kamlesh Vikamsey	4	4
Mr. Ajay Mehta	4	4
Mr. Shrikant Zaveri	4	4

## 2) Remuneration Committee:

The Remuneration Committee was constituted vide Board Resolution dated 14<sup>th</sup> December, 2010. The Committee has powers of recommending remuneration packages of all Executive Directors as per the requirements of the Clause 49 of the Listing Agreement for Corporate Governance. The broad terms of reference of the Remuneration Committee are to recommend to the Board the appointment/ re-appointment and the fixing / revision of remuneration including Commission of Managing Director and Whole-time Directors of your Company.

The composition of the Remuneration Committee is as follows:

Name of the Members	Designation in the Committee	Nature of Directorship
Mr. Ajay Mehta	Chairman	Independent Director
Mr. Kamlesh Vikamsey	Member	Independent Director
Mr. Sanjay Asher	Member	Independent Director

The Company Secretary is the Secretary to the Committee.

During the year, two Remuneration Committee Meetings were held on 30<sup>th</sup> May, 2012 and 15<sup>th</sup> February, 2013.

The attendance record of the Remuneration Committee members is given below:

Name of the Members	No. of Meetings	
	Held	Attended
Mr. Ajay Mehta	2	2
Mr. Kamlesh Vikamsey	2	2
Mr. Sanjay Asher	2	2

## 3) Shareholders' / Investors' Grievance Committee:

The Shareholders' / Investors' Grievance Committee was constituted vide Board Resolution dated 14<sup>th</sup> December, 2010 as per the requirements of the Clause 49 of the Listing Agreement for Corporate Governance. The Shareholders' / Investors' Grievance Committee was constituted to specifically look into the redressal of the Shareholders' / Investors' complaints relating to transfer of shares, non-receipt of Annual Reports and non-receipt of dividends declared by your Company etc. The present committee consists of the following members:

Name of the Members	Designation in the Committee	Nature of Directorship
Mr. Ajay Mehta	Chairman	Independent Director
Mr. Shrikant Zaveri	Member	Chairman & Managing Director
Ms. Binaisha Zaveri	Member	Whole-time Director
Ms. Raashi Zaveri	Member	Director – Finance

The Company Secretary is the Secretary to the Committee.

During the year, four Shareholders' / Investors' Grievance Committee Meeting were held on 30<sup>th</sup> May, 2012, 6<sup>th</sup> August, 2012, 6<sup>th</sup> November, 2012 and 6<sup>th</sup> February, 2013.

The attendance record of the Shareholders' / Investors' Grievance Committee members is given below:

Name of the Members	No. of Meetings	
	Held	Attended
Mr. Ajay Mehta	4	4
Mr. Shrikant Zaveri	4	4
Ms. Binaisha Zaveri	4	4
Ms. Raashi Zaveri	4	4

#### 4) IPO Committee:

The IPO Committee was constituted vide Board Resolution dated 14<sup>th</sup> December, 2010, to look into the various requirements for the purpose of issue related matters towards raising of fund by way of Initial Public Offer (IPO). Your Company will be required to complete various legal statutory and procedural formalities, which includes appointment of various intermediaries, to prepare and execute Memorandum of Understanding (MOU) / agreements, to obtain ISIN Number, to file Draft Red Herring Prospectus (DRHP) with SEBI and Stock Exchanges, to receive comments/observation from SEBI on DRHP, to receive in-principle approval from the Stock Exchanges, to file Red Herring Prospectus (RHP) with SEBI, Stock Exchanges, and the Registrar of Companies, Maharashtra, or any other statutory agencies as may be required and other matters incidental thereto. The composition of the IPO Committee is as follows:

Name of the Members	Designation in the Committee	Nature of Directorship
Mr. Shrikant Zaveri	Chairman	Chairman & Managing Director
Ms. Binaisha Zaveri	Member	Whole-time Director
Ms. Raashi Zaveri	Member	Director – Finance

The Company Secretary is the Secretary to the Committee.

During the year, five IPO Committee Meetings were held on 11<sup>th</sup> April, 2012, 17<sup>th</sup> April, 2012, 23<sup>rd</sup> April, 2012, 27<sup>th</sup> April, 2012 and 30<sup>th</sup> April, 2012.

The attendance record of the IPO Committee members is given below:

Name of the Members	No. of Meetings	
	Held	Attended
Mr. Shrikant Zaveri	5	5
Ms. Binaisha Zaveri	5	5
Ms. Raashi Zaveri	5	5

#### 5) Special Committee of the Board of Directors:

The Board of Directors vide Board Resolution dated 27<sup>th</sup> May, 2011 has constituted Special Committee of the Board of Director and delegate some of the powers to the Special Committee of the Board of Directors, which are not prohibited by Section 292 of the Companies Act, 1956, enjoyed by the Board of Directors. The composition of the Special Committee of Board of Directors is as follows:

Name of the Members	Designation in the Committee	Nature of Directorship
Mr. Shrikant Zaveri	Chairman	Chairman & Managing Director
Ms. Binaisha Zaveri	Member	Whole-time Director
Ms. Raashi Zaveri	Member	Director – Finance

The Company Secretary is the Secretary to the Committee.

During the year, five Special Committee of Board of Directors Meeting were held on 7<sup>th</sup> June, 2012, 3<sup>rd</sup> September, 2012, 6<sup>th</sup> December, 2012, 25<sup>th</sup> February, 2013 and 15<sup>th</sup> March, 2013.

The attendance record of the Special Committee of Board of Directors members is given below:

Name of the Members	No. of Meetings	
	Held	Attended
Mr. Shrikant Zaveri	5	5
Ms. Binaisha Zaveri	5	5
Ms. Raashi Zaveri	5	5

### III. General Body Meetings:

#### A. Annual General Meeting (AGM):

Location, date and time of the Annual General Meetings held in last five years are as under:

Year	Location of the Meeting	Date	Time
2007 – 2008	241 /43, Zaveri Bazar, Mumbai – 400 002.	15 <sup>th</sup> April, 2008	11.30 a.m.
2008 – 2009	241 /43, Zaveri Bazar, Mumbai – 400 002.	30 <sup>th</sup> September, 2009	11.30 a.m.
2009 – 2010	241 /43, Zaveri Bazar, Mumbai – 400 002.	30 <sup>th</sup> September, 2010	11.30 a.m.
2010 – 2011	228, Ground Floor, Mittal Chambers, Nariman Point, Mumbai – 400 021.	4 <sup>th</sup> July, 2011	11.00 a.m.
2011 – 2012	Mahajan Hall of Mumbai Textile Merchants' Mahajan, 1 <sup>st</sup> Floor, 250, Sheikh Memon Street, M.J. Market, Mumbai - 400 002.	24 <sup>th</sup> September, 2012	3.30 p.m.

No Special Resolution was passed in the AGM held on 15<sup>th</sup> April, 2008.

No Special Resolution was passed in the AGM held on 30<sup>th</sup> September, 2009.

No Special Resolution was passed in the AGM held on 30<sup>th</sup> September, 2010.

No Special Resolution was passed in the AGM held on 4<sup>th</sup> July, 2011.

Two Special Resolutions were passed in the AGM held on 24<sup>th</sup> September, 2012 which are as follows:

- (i) Revision of Remuneration Structure and fixing of remuneration payable to Mr. Shrikant Zaveri,

Chairman and Managing Director of the Company.

- (ii) Keeping of Registers at a place other than the Registered Office of the Company.

One Special Resolution was passed on 31<sup>st</sup> December, 2012, through the Postal Ballot Activity for the alteration in the Objects Incidental or Ancillary to the attainment of the Main Objects of the Memorandum of Association of the Company as per Section 17 and all other applicable provisions, if any, of the Companies Act, 1956. The details are stated in point no. 'III – C'.

#### B. Extra Ordinary General Meeting (EGM):

Location, date and time of the Extra Ordinary General Meetings held in last five years are as under:

Year	Location of the Meeting	Date	Time
2008 – 2009	241 /43, Zaveri Bazar, Mumbai-400002.	4 <sup>th</sup> April, 2008	3.00 p.m.
2008 – 2009	241 /43, Zaveri Bazar, Mumbai-400002.	20 <sup>th</sup> March, 2009	11.45 a.m.
2010 – 2011	241 /43, Zaveri Bazar, Mumbai-400002.	26 <sup>th</sup> November, 2010	11.45 a.m.
2010 – 2011	241 /43, Zaveri Bazar, Mumbai-400002.	6 <sup>th</sup> December, 2010	10.45 a.m.
2010 – 2011	241 /43, Zaveri Bazar, Mumbai-400002.	5 <sup>th</sup> January, 2011	11.00 a.m.
2010 – 2011	228, Ground Floor, Mittal Chambers, Nariman Point, Mumbai – 400021.	12 <sup>th</sup> January, 2011	11.00 a.m.
2010 – 2011	228, Ground Floor, Mittal Chambers, Nariman Point, Mumbai – 400021.	28 <sup>th</sup> March, 2011	11.00 a.m.

No Special Resolution was passed in the EGM held on 4<sup>th</sup> April, 2008.

No Special Resolution was passed in the EGM held on 20<sup>th</sup> March, 2009.

One Special Resolution was passed in the EGM held on 26<sup>th</sup> November, 2010. Special Resolution was passed for the conversion of private limited to public limited company.

Two Special Resolutions were passed in the EGM held on 6<sup>th</sup> December, 2010. Special Resolutions were passed for the alteration in Clause V(b) of the Memorandum of Association and for keeping register at place other than Registered Office of your Company.

One Special Resolution was passed in the EGM held on 5<sup>th</sup> January, 2011 for the Initial Public Offering (IPO) of your Company.

Three Special Resolutions were passed in the EGM held on 12<sup>th</sup> January, 2011 for appointment and fixing remuneration of Mr. Shrikant Zaveri as Managing Director, Ms. Binaisha Zaveri and Ms. Raashi Zaveri as Whole-time Directors.

One Special Resolution was passed in the EGM held on 28<sup>th</sup> March, 2011 for the Commission to Non-Executive/ Independent Directors.

#### C. Postal Ballot:

During the year, your Company has conducted voting by Postal Ballot seeking the consent of the members by way of Special Resolution for the following item of business as set out in the Notice dated 7<sup>th</sup> November, 2012, sent out to the members pursuant to the provisions of Section 192A of the Companies Act, 1956 read with the Companies

(Passing of resolution by Postal Ballot) Rules, 2011. The Board appointed Mr. Pramod S. Shah, Practising Company Secretary as the Scrutiniser for conducting the voting through Postal Ballot in a fair and transparent manner. The Scrutiniser gave his Report and on the basis of the said Report, the result of the Postal Ballot in the respect of the Special Resolution had been declared as passed with requisite majority on 31<sup>st</sup> December, 2012.

The Postal Ballot was carried out for the alteration in the Objects Incidental or Ancillary to the attainment of the Main Objects of the Memorandum of Association of the Company as per Section 17 and all other applicable provisions, if any, of the Companies Act, 1956, to be passed by Shareholders by way of Special majority. The Results of the Postal Ballot activity is as follows:

Particulars	No. of Postal Ballot Forms/ E- votes	No. of Equity Shares/ Votes	Percentage (%)
Total Postal Ballot Forms/ E-votes received	215	50,311,509	-
Less: Invalid Postal Ballot Forms/ E-votes received	8	2,708	-
Net Valid Postal Ballot Forms/ E-votes received	207	50,308,801	-
Votes cast in favour of the Special Resolution	197	50,307,631	99.998
Votes cast against the Special Resolution	10	1,170	0.002

None of the business proposed to be transacted at the ensuing Annual General Meeting requires passing of Special Resolution through Postal Ballot.

#### IV. Subsidiary Companies:

As on 31<sup>st</sup> March, 2013 your Company have two wholly owned Subsidiary Companies, namely (1) Tribhovandas Bhimji Zaveri (Bombay) Limited and (2) Konfiaance Jewellery Private Limited.

Your Company does not have any material unlisted Indian subsidiary as defined under Clause 49 of the Listing Agreement, viz. an unlisted subsidiary incorporated in India, whose turnover or net worth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediate preceding accounting year. It is, therefore, not required to have an Independent Director of your Company on the Board of such subsidiary.

Your Company's Audit Committee reviews the consolidated financial statements of your Company as well as the financial statements of the subsidiaries. The minutes of the Board Meetings, are periodically placed before the Board of Directors of your Company.

Your Board of Directors in the Board Meeting dated 28<sup>th</sup> May, 2013, has approved the proposal for Merger of two wholly owned subsidiaries, viz. Tribhovandas Bhimji Zaveri (Bombay) Limited and Konfiaance Jewellery Private Limited with the Holding Company, i.e. Tribhovandas Bhimji Zaveri Limited under the Scheme of Amalgamation.

#### V. Disclosures:

##### A. Disclosure of Related Party Transactions:

All related party transactions have been entered into were in the ordinary course of business and were placed periodically before the Audit Committee and the Board of Directors. All transactions with the related parties were at arm's length.



**B. Disclosure of Accounting Treatment:**

Your Company follows Accounting Standards notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006 and / or by the Institute of Chartered Accountants of India in the preparation of financial statements and has not adopted a treatment different from that prescribed in any Accounting Standards.

**C. Risk Management Framework:**

Your Company has in place mechanisms to inform the Board Members about the Risk Assessment and Minimisation procedures and periodical reviews to ensure that risk is controlled by the Executive Management through the means of a properly defined framework.

**D. Statutory Listing Compliances:**

Your Company has complied with the requirements of the Stock Exchanges / SEBI and statutory authorities on all matters related to the capital markets from the date of listing. No penalty or strictures were imposed on your Company by these authorities.

**E. Details of Utilisation of the funds out of the proceeds from the Public Issue:**

During the year under review your Company successfully completed its Initial Public Offer of ₹ 2,000,000,040 (Rupees Two Hundred Crores Forty only) by fresh issue of 16,666,667 shares. The shares of face value of ₹ 10 each had a Price Band between ₹ 120 to ₹ 126 per share. The issue price was fixed at ₹ 120 per share. The shares were listed on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) on 9<sup>th</sup> May, 2012.

The utilisation of IPO proceeds are placed before the Audit Committee on the quarterly basis and the statement of utilisation of funds out of IPO proceeds forms part of the notes of quarterly, half yearly and annual results of your Company under Clause 41 of the Listing Agreement. The utilisation is duly certified by Statutory Auditors on annual basis.

Your Company has fully utilised the IPO proceeds from the Public Issue during the current financial year ended as on 31<sup>st</sup> March, 2013. IPO Proceeds were utilised for the purpose stated in the Prospectus and there are no deviations in utilisation of fund from those stated in the Prospectus. The utilisation of funds from the IPO proceeds as on 31<sup>st</sup> March, 2013 is as follows:

(₹ in Lakhs)

Particulars	Utilisation planned as per prospectus	Utilisation of IPO proceeds as on 31 <sup>st</sup> March, 2013	Balance amount to be utilised as on 31 <sup>st</sup> March, 2013
To Finance the establishment of new showrooms	1,919.40	1,919.40	NIL
To meet incremental working capital requirements	16,044.90	16,044.90	NIL
General corporate purposes and Issue related expenses	2,035.70	2,035.70	NIL
<b>Total Amount</b>	<b>20,000.00</b>	<b>20,000.00</b>	<b>NIL</b>

**VI. Means of communication:**

- (i) The Quarterly/ Annual Financial Results of your Company are published in English newspaper viz. 'The Free Press Journal', and in vernacular newspaper (in Marathi) viz. 'Navshakti'. The non-statutory advertisement of the snapshot of the annual results for the year ended 31<sup>st</sup> March, 2013 will appear in Economic Times;

The following are also promptly displayed on your Company's website, viz. [www.tbztheoriginal.com](http://www.tbztheoriginal.com) under the 'Investor Section':

- Quarterly Results, Financial Results, Shareholding Pattern, Annual Report;
- Official Press release in the 'Media Room' Section;
- The Presentations made to institutional investors or to the analysts.

## VII. General Shareholders Information:

i) Annual General Meeting	
Date and Time	Friday, 30 <sup>th</sup> August, 2013 at 3.30 p.m.
Venue	<b>M.C. Ghia Hall</b> 4 <sup>th</sup> Floor, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai - 400001.
ii) Financial Calendar 2013 - 2014 (Tentative) Results	Meeting to be held on or before following dates:
Unaudited Results for the quarter ending 30 <sup>th</sup> June, 2013	On or before 14 <sup>th</sup> August, 2013
Unaudited Results for the quarter ending 30 <sup>th</sup> September, 2013	On or before 14 <sup>th</sup> November, 2013
Unaudited Results for the quarter ending 31 <sup>st</sup> December, 2013	On or before 14 <sup>th</sup> February, 2014
Audited Results for the year ending 31 <sup>st</sup> March, 2014	On or before 30 <sup>th</sup> May, 2014
AGM for the approval of the Audited accounts for the year ended 31 <sup>st</sup> March, 2014	On or before 30 <sup>th</sup> September, 2014
Financial Year	1 <sup>st</sup> April to 31 <sup>st</sup> March
iii) Book Closure Date	17 <sup>th</sup> August, 2013 to 30 <sup>th</sup> August, 2013 (both days inclusive)
iv) Dividend payment date and dividend per Equity Share	Dividend shall be paid to all the eligible shareholders from 7 <sup>th</sup> September, 2013 onwards.  Your Directors have recommended dividend of ₹ 2.25 per Equity Shares (i.e. 22.50%) for the year ended 31 <sup>st</sup> March, 2013, subject to the approval of Shareholders at the ensuing Annual General Meeting of your Company.
v) Listing on Stock Exchanges	The Equity Shares of your Company got listed on 9 <sup>th</sup> May, 2012 on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).
vi) Payment of Listing Fees	Your Company has paid applicable Listing Fees to the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) for the financial year 2012 – 2013.
vii) Payment of Custodial Fees	Your Company has paid applicable custodial fees to Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL).
viii) Stock Code/ Symbol:	
Bombay Stock Exchange code:	534369
National Stock Exchange Symbol:	TBZ
ix) Dematerialisation ISIN Number for NSDL & CDSL	INE760L01018
x) Corporate Identification Number (CIN No.)	L27205MH2007PLC172598
xi) Outstanding GDR/ ADR/ Warrants or any convertible instruments, conversion date and impact on equity.	Your Company has not issued any GDRs/ ADRs/ Warrants or any other convertible instrument.

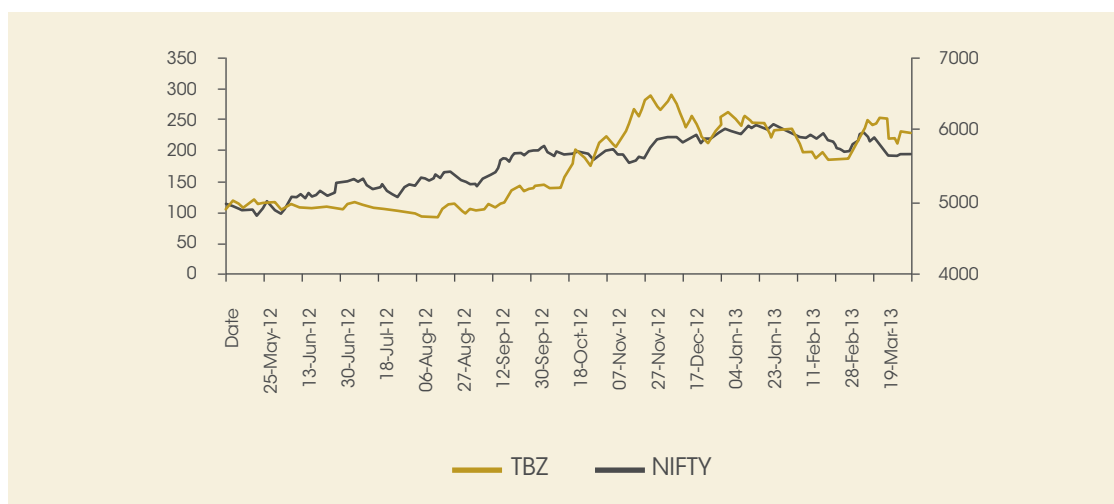
## xii) Stock Performance:

Market Price Data (High / Low during each month of the financial year 2012 – 2013 at NSE & BSE:

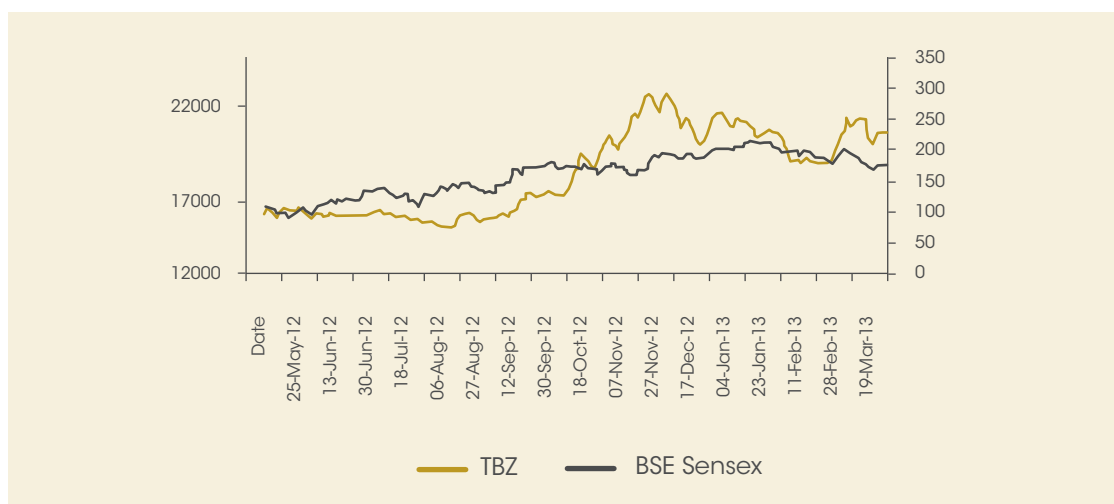
High, Low (based on closing prices) and number of shares traded during each month in the financial year 2012 – 2013 on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE):

Month	National Stock Exchange of India Limited (NSE)			Bombay Stock Exchange Limited (BSE)		
	High (₹)	Low (₹)	Total Number of Shares Traded	High (₹)	Low (₹)	Total Number of Shares Traded
May, 2012 (w.e.f. 9 <sup>th</sup> May, 2012)	122.35	105.50	2,178,939	122.55	106.05	2,118,945
June, 2012	116.90	103.00	405,874	116.20	103.20	517,159
July, 2012	120.95	95.85	1,531,621	120.90	96.05	974,690
August, 2012	120.00	88.00	6,209,129	120.05	88.00	3,732,422
September, 2012	146.30	102.20	6,283,708	146.00	101.20	3,687,240
October, 2012	210.80	137.05	22,813,607	210.90	136.70	12,227,399
November, 2012	296.65	206.45	16,628,491	296.15	206.45	8,995,296
December, 2012	300.00	211.00	4,351,944	301.00	212.00	2,233,352
January, 2013	269.70	218.25	3,968,242	269.25	218.25	2,022,170
February, 2013	240.70	183.05	2,668,834	240.60	181.00	1,150,093
March, 2013	261.00	185.00	5,366,122	261.00	188.00	2,848,902

#### Performance of TBZ share price in comparison with NSE Nifty:



#### Performance of TBZ share price in comparison with BSE Sensex:



xiii) Details of number of requests/ complaints received and resolved during the year ended 31<sup>st</sup> March, 2013 are as under:

Sr. No.	Nature of Complaints	Pending as on 1 <sup>st</sup> April, 2012	Received during the year	Disposed during the year	Pending as on 31 <sup>st</sup> March, 2013
1.	Non Receipt of Annual Report	0	4	4	0
2.	Non Receipt of Dividend Warrants	0	13	13	0
3.	Non Receipt of Electronic Credits	0	7	7	0
4.	Non Receipt of Interest Warrant	0	1	1	0
5.	Non Receipt of Refund Order	0	63	63	0
6.	Non Receipt of Securities	0	2	2	0
<b>TOTAL</b>		Nil	90	90	Nil

There were no complaints which were pending as on 31<sup>st</sup> March, 2013.

xiv) List of Top 10 Shareholders and the Distribution of Shareholding as on 31<sup>st</sup> March, 2013:

List of Top 10 Shareholders as on 31<sup>st</sup> March, 2013:

Sr. No.	Name	Holding	% of Shareholding
1	Shrikant Gopaldas Zaveri	33,392,275	50.09%
2	Binaisha Shrikant Zaveri	5,285,000	7.93%
3	Raashi Zaveri	4,572,500	6.86%
4	Bindu Shrikant Zaveri	3,500,000	5.25%
5	Small Cap World Fund, INC	3,309,332	4.96%
6	HSBC Global Investment Funds A/C HSBC Global Investment	2,617,366	3.93%
7	Tribhovandas Bhimji Zaveri (TBZ) Private Limited	1,350,000	2.03%
8	Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited	1,350,000	2.03%
9	Acacia Partners, LP	878,509	1.32%
10	Morgan Stanley Asia (Singapore) PTE	746,000	1.12%
<b>TOTAL</b>		57,000,982	<b>85.52%</b>

Distribution of Shareholding as on 31<sup>st</sup> March, 2013:

Holding	No. of Shareholders		No. of Shares & Amount		
	No. of Holders	% to Total Holders	Total Shares	Amount in (₹)	% to Capital
1-5000	7,561	90.82%	744,749	7,447,490	1.12%
5,001-10,000	361	4.34%	279,525	2,795,250	0.42%
10,001-20,000	228	2.74%	343,734	3,437,340	0.51%
20,001-30,000	39	0.47%	99,799	997,990	0.15%
30,001-40,000	25	0.30%	86,559	865,590	0.13%
40,001-50,000	14	0.17%	64,550	645,500	0.10%
50,001-100,000	21	0.25%	151,609	1,516,090	0.23%
100,001 and above	76	0.91%	64,896,142	648,961,420	97.34%
<b>TOTAL</b>	<b>8,325</b>	<b>100.00%</b>	<b>66,666,667</b>	<b>666,666,670</b>	<b>100.00%</b>



xv) Shareholding Pattern by ownership as on 31<sup>st</sup> March, 2013 as compared with that of 31<sup>st</sup> March, 2012:

Particulars	As on 31 <sup>st</sup> March, 2013				As on 31 <sup>st</sup> March, 2012			
	No. of share holders	% of share holder	No. of shares held	% of shareholding	No. of share holder	% of share holder	No. of shares held	% of shareholding
Promoter	4	0.05%	46,749,775	70.12%	4	40%	46,749,775	93.50%
Director								
Foreign Institutional Investors	11	0.13%	9,223,447	13.84%	-	-	-	-
Resident Individuals	7,616	91.48%	4,542,741	6.81%	4	40%	550,225	1.10%
Bodies Corporates	342	4.11%	3,108,458	4.66%	-	-	-	-
Promoter Companies	2	0.03%	2,700,000	4.05%	2	20%	2,700,000	5.40%
Non Resident Indians	132	1.59%	256,740	0.39%	-	-	-	-
HUF	131	1.57%	50,905	0.08%	-	-	-	-
Clearing Members	86	1.03%	31,572	0.05%	-	-	-	-
Indian Financial Institutions	1	0.01%	3,029	0.00%	-	-	-	-
Banks	0	0.00%	0	0.00%	-	-	-	-
<b>TOTAL</b>	<b>8,325</b>	<b>100%</b>	<b>66,666,667</b>	<b>100.00%</b>	<b>10</b>	<b>100%</b>	<b>50,000,000</b>	<b>100.00%</b>

xvi) Dematerialisation of Shares:

Your Company's Shares are compulsorily traded in dematerialised form and are available for trading through both the Depositories in India, viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on 31<sup>st</sup> March, 2013, 99.99588% (100%) of the total

paid up capital, representing 66,666,392 Equity Shares were held in dematerialised form and the balance 0.000412% (Nil%) representing 275 Equity Shares were held in physical form. The statement of Equity Shares lying in dematerialised form with NSDL & CDSL and the Equity Shares lying in physical form as on 31<sup>st</sup> March, 2013 are under:

Particulars of Shares	Shares of ₹ 10 each		Total Shares	
	No. of Shareholders	% of Total	No. of Shares	% of Total
Dematerialised Form				
NSDL	5,576	66.98%	64,510,113	96.77%
CDSL	2,746	32.98%	2,156,279	3.23%
<b>SUB-TOTAL</b>	<b>8,322</b>	<b>99.96%</b>	<b>66,666,392</b>	<b>100%</b>
Physical Form	3	0.04%	275	0.00%
<b>TOTAL</b>	<b>8,325</b>	<b>100.00%</b>	<b>66,666,667</b>	<b>100.00%</b>

#### xvii) Share Transfer System:

The share transfers/ transmissions are approved by the Shareholders'/ Investors' Grievance Committee. The Committee meets as and when required to consider other transfer proposals and attend to Shareholders' grievances. There are no share transfer requests pending as on 31<sup>st</sup> March, 2013.

Shares in physical form for transfer, should be lodged with the office of the Company's Registrar and Share Transfer Agent, Karvy Computershare Private Limited, Hyderabad at the address given below or at the Corporate Office of the Company. The transfers are processed if technically found to be in order and complete in all respects. As per directives issued by SEBI, it is compulsory to trade in the Company's Equity Shares in dematerialised form.

#### xviii) Secretarial Audit:

- Pursuant to Clause 47 (c) of the Listing Agreement with the Stock Exchanges, certificates have been issued on a half-yearly basis, by a Company Secretary in practice, certifying due compliance of share transfer formalities by your Company.
- A Company Secretary in practice carries out a quarterly Reconciliation of Share Capital Audit, to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The audit confirms that the total issued/ paid-up capital is in agreement with the aggregate of the total number of shares in physical form and

the total number of shares in dematerialised form (held with NSDL and CDSL).

#### xix) Consolidation of Folios and avoidance of multiple mailing:

In order to enable your Company to reduce and duplicity of efforts for providing services to investors, members who have more than one folio in the same order of names are requested to consolidate their holdings under one folio. Members may write to the Registrar indicating the folio numbers to be consolidated along with the original shares certificates to be consolidated.

#### xx) Unclaimed/ Outstanding Refundable portion of IPO Application Amount:

To facilitate investors who have not claimed the Refundable portion of IPO Application amount at the time of Initial Public Offer (IPO) of your Company, details of the unclaimed IPO application amount are being displayed on your Company's website [www.tbztheoriginal.com](http://www.tbztheoriginal.com). Investors are requested to browse the said site to find out the outstanding amount, if any, and claim the same from your Company.

#### xxi) Unclaimed Shares:

As per the provisions of Clause 5A.I(a) of Listing Agreement, the unclaimed shares lying in the escrow account shall be transferred to demat suspense account if there is no response even after sending three reminder notices to the persons concerned. Details of unclaimed Equity Shares of your Company are as follows:

Sr. No.	Particulars	Number of Shareholders	Number of Shares
1	Aggregate number of shareholders and the outstanding shares in the suspense account lying on the date of listing i.e. 9 <sup>th</sup> May, 2012;	6	3,465
2	Number of shareholders who approached issuer for transfer of shares from suspense account during the year;	4	3,330
3	Number of shareholders to whom shares were transferred from suspense account during the year;	4	3,330
4	Aggregate number of shareholders and outstanding shares in the suspense account lying at the end of the year i.e. 31 <sup>st</sup> March, 2013;	2	135
5	The voting rights on these unclaimed shares lying in demat suspense account shall remain frozen till the rightful owner of such shares claims the shares.		

**xxii) Green Initiative in Corporate Governance:**

The Ministry of Corporate Affairs has taken a 'Green Initiative in Corporate Governance' by issuing circulars (vide circular nos. 17/2011 and 18/2011 dated 21<sup>st</sup> April, 2011 and 29<sup>th</sup> April, 2011 respectively), and allowing paperless compliances by Companies through electronic mode. Further, in line with recent circular (vide circular ref. no. CIR/CFD/DIL/7/2011 dated 5<sup>th</sup> October, 2011) issued by the Securities and Exchange Board of India (SEBI) and consequent changes in the Listing Agreement, Companies can send Annual Report in electronic mode to Members who have registered their e-mail addresses for the purpose. Members who have not registered their e-mail addresses with your Company can now register the same by submitting duly filled-in 'E-Communication Registration Form' attached at the end of this Report (also available on our website [www.tbztheoriginal.com](http://www.tbztheoriginal.com)), to M/s. Karvy Computershare Private Limited/ Secretarial Department of your Company. The Members holding shares in electronic form are requested to register their e-mail address with their Depository Participants only. The Members of your Company, who have registered their e-mail address, are entitled to receive such communication in physical form, upon request.

Your Company encourages the shareholders to register their e-mail addresses with their respective depository participant if shares are held in demat form and if shares are held in physical form to your Company or Karvy Computershare Private Limited, Registrar & Share Transfer Agent of your Company, by sending a letter signed by the shareholders on addresses given below and also intimate changes in the e-mail ids from time to time.

**xxiii) Mandatory requirement of PAN:**

SEBI vide its circular dated 7<sup>th</sup> January, 2010 has made it mandatory to furnish PAN copy in the following cases:

- (i) Deletion of name of deceased shareholder(s), where the shares are held in the name of two or more shareholders.
- (ii) Transmission of shares to the legal heir(s), where deceased shareholder was the sole holder.

- (iii) Transposition of shares – in case of change in the order of names in which physical shares are held jointly in the name of two or more shareholders.

**xxiv) Address for correspondence:**

Shareholders correspondence like, share transfer/ dematerialisation of shares, payment of dividend and other query related to shares may be directed to your Company's Registrar and Share Transfer Agent, whose address is given below:

**a) For Share Transfer / Dematerialisation of shares, payment of Dividend and any other query relating to shares:**

**Karvy Computershare Private Limited**

Plot No. 17-24, Vithal Rao Nagar,  
Madhapur, Hyderabad – 500 081.

Tel No: +91 (040) 4465 5000

Fax No: +91 (040) 2343 1551

E-Mail: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)

Website Add.: <http://karisma.karvy.com>

Contact Person: S. D. Prabhakar

SEBI Registration No: INR000000221

**b) For Investors assistance:**

**Corporate Office Address:**

Mr. Niraj Oza

Company Secretary & Compliance Officer

Tribhovandas Bhimji Zaveri Limited

1106 to 1121, 11th Floor, West Wing,

Tulsiani Chambers, 212,

Backbay Reclamation, Free Press Journal Road,

Nariman Point, Mumbai – 400 021.

Tel. No.: +91 (022) 3073 5000

Fax No.: +91 (022) 3073 5088

Email Add.: [investors@tbzoriginal.com](mailto:investors@tbzoriginal.com)

Website Add.: [www.tbztheoriginal.com](http://www.tbztheoriginal.com)

For any Investor assistance the contact person is Mr. Niraj Oza, Company Secretary and Compliance Officer of your Company and address of Correspondence is Corporate Office Address.

Your Company has an exclusive e-mail id viz. [investors@tbzoriginal.com](mailto:investors@tbzoriginal.com) to enable investors to register their complaints, if any.

**c) Registered Office Address:**

Tribhovandas Bhimji Zaveri Limited  
241 / 43, Zaveri Bazar,  
Mumbai - 400 002.  
Tel. No.: +91 (022) 3956 5001  
Fax No.: +91 (022) 3956 5056  
Email Add.: [investors@tbzoriginal.com](mailto:investors@tbzoriginal.com)  
Website Add.: [www.tbztheoriginal.com](http://www.tbztheoriginal.com)

**xxv) Compliance Officer:**

Mr. Niraj Oza, Company Secretary is the Compliance Officer of your Company. The Company Secretary is primarily responsible to ensure Compliance with applicable statutory requirements and is the interface between the management and the regulatory authorities for governance matters.

**xxvi) Showroom addresses:**

Your Company has total twenty five (25) showrooms operating as on 31<sup>st</sup> March, 2013. The addresses of the showroom forms part of Annexure to this report.

On 1<sup>st</sup> April, 2013, your Company has opened one more showroom at Gandhidham, Gujarat, and the total number of showrooms reaches to twenty six (26).

**xxvii) CEO / CFO Certification:**

The Chief Executive Officer (CEO) and Director - Finance have certified to the Board in accordance with Clause 49V of the Listing Agreement pertaining to CEO/ CFO certification for the financial year ended 31<sup>st</sup> March, 2013, which is annexed hereto.

**xxviii) Non-Mandatory Requirements:**

1. Your Company has an Executive Chairman on its Board.
2. The Remuneration Committee is constituted by the Board, the details of which are provided under the heading "Remuneration Committee".
3. There are no qualifications in the Audit Report for the financial year 2012 - 2013.

For and on behalf of the Board of Directors of  
**Tribhovandas Bhimji Zaveri Limited**

Date: 28<sup>th</sup> May, 2013  
Place: Mumbai

**Shrikant Zaveri**  
Chairman & Managing Director

**Raashi Zaveri**  
Director - Finance



# Annexure to Report on Corporate Governance

## SHOWROOM ADDRESSES:

### Showrooms of your Company in operation as on 31<sup>st</sup> March, 2013:

#### Maharashtra

1	241 /43, Zaveri Bazar, Mumbai 400 002.
2	L.T. Road, Borivali (West), Mumbai 400 092.
3	002 & 102, Prime Plaza, S.V. Road, Santacruz (West), Mumbai 400 054.
4	M.G. Road, Rajawadi, Ghatkopar (East), Mumbai 400 077.
5	Gautam Tower, off Gokhale Road, Thane (West) 400 601.
6	Seth House, 21 /4B, Opposite Le Royce Hotel, Bundgarden Road, Pune 411 001.
7	Shop No. 2, Sunder Mahal, 92, Veer Nariman Road, Churchgate, Mumbai 400 020.
8	Shop No. 1, 2 & 3, Near St. Augustine High School, Tiberias Building, Stella, Village Barampur, District Thane, Vasai (West) 401 202.
9	Unit No. 003, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor, Rachana Galaxy, Mouza Ambazari, Opp. Wockhardt Hospital, Dharampeth, Nagpur 440 010.
10	A.G. Pride, Plot. No. 301, N-3, CIDCO, Opp. Hotel Ramgiri, Beside Raymond & Ratnakar Bank, Jalna Road, Aurangabad 431 005.
11	Shop No. G-20, Ground Floor, Satra Plaza, Plot No. 19 & 20, Sector 19-D, Palm Beach Road, Vashi, Navi Mumbai 400 705.

#### Gujarat

12	Iscon Center, Shivranjani Cross Road, Satellite, Ahmedabad 380 015.
13	Lal Bungalow, SNS House, Athwa Lines, Surat 395 007.
14	Janakpuri Complex, Dr. Yagnik Road, Opp. Hotel Imperial Palace, Rajkot 360 001.
15	K.P. Infinity, Opposite Yes Bank Limited, Near INOX Multiplex, Natubhai Circle, Race Course Road, Vadodara 390 007.
16	7-11, Ground Floor, Fortune Square- II, Near Primary School, Next to Royal Dream Society, Vapi Daman Road, Vapi 396 191.
17	Shop No. G1, Krishna Complex, Waga Wadi Road, Next to 'Ghar Shala', Bhavnagar 364 001.

#### Andhra Pradesh (Hyderabad & Vijaywada)

18	70 Greensland Road, Punjagutta, Hyderabad 500 082.
19	Shop no I, Mogul's court, Basheerbagh, Hyderabad 500 001.
20	Opp Gateway Hotel, M.G. Road, Labbipet, Vijayawada 520 010.

#### Kerla (Kochi)

21	Jos Annexe Building, Jos Junction, Ernakulam, Kochi 682 016.
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#### Madhya Pradesh (Indore)

22	576 Laxmi Tower, M.G. Road, opp Treasure Island, Indore 452 001.
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#### West Bengal (Kolkata)

23	Saraswati Niketan, 5 Camac Street, Kolkata 700 016.
24	CIT Road, Scheme, VIM, Kankurgachi, Kolkata 700 054.

#### Chhattisgarh (Raipur)

25	Shop No. 1, Ground Floor, Prem Store Premises, Malviya Road, Next to G.P.O., Raipur, Chhattisgarh 492 001.
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**Note:** On 1<sup>st</sup> April, 2013, your Company has opened the new showroom at Gandhidham, Gujarat situated at Shop 4, 5 & 6, Ground Floor, Sunshine Arcade, Plot No. 59, Sector 8, Tagore Road, Near Lord's Hotel, Gandhidham, Kutch, Gujarat - 370201.

For and on behalf of the Board of Directors of  
**Tribhovandas Bhimji Zaveri Limited**

Date: 28<sup>th</sup> May, 2013  
Place: Mumbai

**Shrikant Zaveri**  
Chairman & Managing Director

**Raashi Zaveri**  
Director - Finance

## Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

To  
The Board of Directors  
Tribhovandas Bhimji Zaveri Limited  
Mumbai.

Dear Sir/ Madam,

### Sub: CEO/CFO Certificate

(Issued in accordance with provisions of clause 49 of the Listing Agreement)

We, Prem Hinduja, Chief Executive Officer and Raashi Zaveri, Director - Finance of Tribhovandas Bhimji Zaveri Limited, to the best of our knowledge and belief, certify that:

- (A) We have reviewed the Balance Sheet and Profit & Loss Account (standalone and consolidated) for the financial year ended 31<sup>st</sup> March, 2013 and all schedules and notes on accounts, as well as Cash Flow statements, and the Directors' report and based on our knowledge and information, we state that:
- i) these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading,
  - ii) these statements together present a true and fair view of your Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (B) We further state that to the best of our knowledge and belief, there are no transactions entered into by your Company during the year, which are

fraudulent, illegal or in violation of your Company's Code of Conduct.

- (C) We along with Company's other certifying officers, accept responsibility for establishing and maintaining internal controls and that we have:
- i) evaluated the effectiveness of internal control system of your Company pertaining to financial reporting, and
  - ii) disclosed to the Auditors and the Audit Committee, deficiencies, in the design or operations of internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.
- (D) We have indicated, based on our most recent evaluation, wherever applicable to the Auditors and Audit Committee:
- i) Significant changes, if any, in the internal control over financial reporting during the year,
  - ii) Significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements, and
  - iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in your Company's internal control system over financial reporting.

Yours sincerely,

Date: 28<sup>th</sup> May, 2013  
Place: Mumbai

**Prem Hinduja**  
Chief Executive Officer

**Raashi Zaveri**  
Director - Finance

## Declaration by the CEO under Clause 49 I (D) of the Listing Agreement regarding adherence to the Code of Conduct

In ACCORDANCE WITH Clause 49 sub-clause I (D) of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance to their respective Codes of Conduct, applicable to them for the financial year ended 31<sup>st</sup> March, 2013.

For **Tribhovandas Bhimji Zaveri Limited**

Date: 28<sup>th</sup> May, 2013  
Place: Mumbai

**Prem Hinduja**  
Chief Executive Officer

## Certificate of Compliance with the Corporate Governance requirements under Clause 49 of the Listing Agreement

### To the Members of Tribhovandas Bhimji Zaveri Limited

We have examined the compliance of conditions of corporate governance by Tribhovandas Bhimji Zaveri Limited ("the Company") for the year ended on 31 March 2013, as stipulated in Clause 49 of the Listing Agreements entered into by the Company with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

As per our report of even date attached  
For **B S R and Co**  
Chartered Accountants  
Firm's Registration No: 128510W

Place : Mumbai  
Date : 28 May 2013

**Vijay Mathur**  
Partner  
Membership No: 046476



Standalone Financials

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# Independent Auditors' Report

To the Members of Tribhovandas Bhimji Zaveri Limited

## REPORT ON THE FINANCIAL STATEMENTS

1. We have audited the accompanying financial statements of Tribhovandas Bhimji Zaveri Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2013 and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## AUDITOR'S RESPONSIBILITY

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk

assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## OPINION

6. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the Act, in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:
  - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2013;
  - (a) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
  - (b) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, we report that:

# Independent Auditors' Report

To the Members of Tribhovandas Bhimji Zaveri Limited

- (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- (b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act; and
- (e) on the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

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For **B S R and Co**  
Chartered Accountants  
Firm's Registration No: 128510W

**Vijay Mathur**  
Partner  
Membership No: 046476

Mumbai  
28 May 2013

## Annexure to Auditors' Report – 31 March 2013

With reference to the Annexure referred to in our report of even date, we report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) According to the information and explanation given to us, the fixed assets are being physically verified by the management according to a phased programme designed to cover all the items over a period of two years, which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Pursuant to this programme, some of the fixed assets have been physically verified by the management during the year, and no material discrepancies were noticed on such verification.
- (c) Fixed assets disposed off during the year were not substantial, and do not affect the going concern assumption.
- ii. (a) The inventory, except stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained.
- (b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and these have been dealt with in the books of account.
- iii. (a) The Company has granted loans to one Company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was ₹ 2.56 lakhs and the year-end balance of such loan was ₹ 2.56 lakhs.
- (b) In our opinion, the rate of interest and other terms and conditions on which loans have been granted to body corporate listed in the register maintained under section 301 of the Act are not, prima facie, prejudicial to the interest of the company.
- (c) Loans granted to a body corporate listed in the register maintained under Section 301 of the Act are repayable on demand and interest free. Since the Company has not called back the loans, we are unable to comment on the regularity of repayment of principal.
- (d) In view of our comment in paragraph (iii) (c) above, there is no overdue amount of more than Rupees one lakh in respect of loans granted to any of the companies listed in the register maintained under Section 301 of the Act.
- (e) The Company had taken loans from four Companies and two other parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was ₹ 1,223.69 lakhs and the year-end balance of such loans was ₹ 392.17 lakhs.
- (f) Loans taken from the companies and other parties listed in the register maintained under Section 301 of the Act are repayable on demand and interest free. In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies and other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- (g) The Company has taken loan which is repayable on demand from the parties covered in the register maintained under Section 301 of the Act. The company has been regular in repaying the principal amounts as stipulated.

## Annexure to Auditors' Report – 31 March 2013

With reference to the Annexure referred to in our report of even date, we report that:

- iv. In our opinion and according to the information and explanations given to us, there are internal control procedures for purchase of inventories and fixed assets and with regard to sale of goods which in our opinion is commensurate with the size of the Company and nature of its business. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.
- v. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.  
  
(b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of ₹ 5 lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time, except for transactions which are for the Company's specialised requirements for which suitable alternative sources are not available to obtain comparable quotations. However, on the basis of information and explanations provided, the same appear reasonable.
- vi. The Company has not accepted any deposits from the public.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.
- viii. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Act, for any of the products manufactured by the Company.
- ix. (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 books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income-tax, Sales-tax/ Value added tax, Wealth tax, Service tax, Customs duty and other material statutory dues have been generally 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 excise duty and Investor Education and Protection Fund  
  
According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Sales-tax / Value added tax, Wealth tax, Service tax, Customs duty, excise duty and Investor Education and Protection Fund and other material statutory dues were in arrears as at 31 March 2013 for a period of more than six months from the date they became payable.  
  
(b) According to the information and explanations given to us, there are no dues of Income tax, Sales tax/ value added tax, Wealth tax, Service tax and Customs duty which have not been deposited with the appropriate authorities on account of any dispute, except as stated below.

Name of the Statute	Nature of the Dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
Kerala Value Added Tax 2010	Value added tax	36.99	2009-10	Deputy Commissioner of Sales Tax
Income Tax Act, 1961	Income tax	148.75	2010-11	Commissioner of Income Tax Appeals

## Annexure to Auditors' Report – 31 March 2013

With reference to the Annexure referred to in our report of even date, we report that:

- x. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any outstanding dues to any financial institution and debenture holders during the year.
- xii. According to information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion and according to the information and explanations given to us, the Company is not a chit fund / nidhi / mutual benefit fund / society.
- xiv. In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. According to the information and explanations given, the term loans taken by the Company have been applied for the purpose for which the loans were obtained.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Act.
- xix. The Company did not have any outstanding debentures during the year.
- xx. We have verified the end-use of money raised by public issues as disclosed in the note 30.13 to the financial statements.
- xxi. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

Mumbai  
28 May 2013

For **B S R and Co**  
Chartered Accountants  
Firm's Registration No: 128510W

**Vijay Mathur**  
Partner  
Membership No: 046476



# Balance Sheet

as at 31 March 2013

(Currency: ₹ in Lakhs)

	Notes	31 March 2013	31 March 2012
<b>EQUITY AND LIABILITIES</b>			
<b>1) Shareholders' funds</b>			
(a) Share capital	3	6,666.67	5,000.00
(b) Reserves and surplus	4	34,339.60	10,957.55
		<b>41,006.27</b>	15,957.55
<b>2) Non-current liabilities</b>			
(a) Long-term borrowings	5	1,951.86	267.04
(b) Other long term liabilities	6	54.00	54.00
(c) Long-term provisions	7	572.17	386.87
		<b>2,578.03</b>	707.91
<b>3) Current liabilities</b>			
(a) Short-term borrowings	8	39,448.41	20,090.10
(b) Trade payables	9	17,162.46	8,717.76
(c) Other current liabilities	10	15,262.89	10,647.00
(d) Short-term provisions	11	2,662.89	2,135.44
		<b>74,536.65</b>	41,590.30
		<b>118,120.95</b>	58,255.76
<b>ASSETS</b>			
<b>1) Non-current assets</b>			
(a) Fixed assets	12		
i) Tangible assets		8,417.28	4,727.77
ii) Intangible assets		345.08	187.73
iii) Capital work-in-progress		164.14	70.65
		<b>8,926.50</b>	4,986.15
(b) Non-current investments	13	302.62	302.51
(c) Deferred tax assets (net)	14	519.11	338.28
(d) Long term loans and advances	15	1,006.41	876.73
		<b>1,828.14</b>	1,517.52
<b>2) Current assets</b>			
(a) Inventories	16	102,738.06	50,189.71
(b) Trade receivables	17	176.33	300.04
(c) Cash and bank balances	18	3,184.89	534.01
(d) Short-term loans and advances	19	1,267.03	296.45
(e) Other current assets	20	-	431.88
		<b>107,366.31</b>	51,752.09
		<b>118,120.95</b>	58,255.76
Summary of significant accounting policies	2		

The notes referred to above form an integral part of the financials statements

As per our report of even date attached

For **B S R and Co**

Chartered Accountants

Firm's Registration No: 128510W

**Vijay Mathur**

Partner

Membership No: 046476

For and on behalf of the Board of Directors of

**Tribhovandas Bhimji Zaveri Limited**

**Shrikant Zaveri**

Chairman and Managing Director

**Raashi Zaveri**

Director - Finance

Place : Mumbai

Date : 28 May 2013

**Niraj Oza**

Company Secretary

# Statement of Profit and Loss

for the year ended 31 March 2013

(Currency: ₹ in Lakhs)

	Notes	31 March 2013	31 March 2012
<b>INCOME</b>			
<b>Revenue from operations</b>			
Sale of product	21	164,942.24	138,039.32
Other operating revenue	21	891.53	507.67
		<b>165,833.77</b>	138,546.99
Other income	22	588.23	160.90
<b>TOTAL REVENUE</b>		<b>166,422.00</b>	138,707.89
<b>EXPENSES</b>			
Cost of raw material and components consumed	23	156,373.22	97,189.00
Purchase of traded goods	24	26,290.82	24,886.65
Changes in inventories of finished goods and traded goods	25	(48,034.00)	(7,836.02)
Employee benefits	26	5,510.32	4,574.60
Other expenses	27	10,971.39	7,526.65
Depreciation and amortisation expenses	12	804.37	526.27
Finance costs	28	2,149.42	3,148.22
<b>TOTAL EXPENSES</b>		<b>154,065.54</b>	130,015.37
<b>Profit before tax</b>		12,356.46	8,692.52
<b>Less: Tax expense</b>			
- Current tax		4,203.00	3,130.00
- (Excess)/short provision pertaining to earlier years		(165.81)	6.05
- Deferred tax	14	(180.83)	(162.84)
<b>TOTAL TAX EXPENSE</b>		<b>3,856.36</b>	2,973.21
<b>Profit for the year</b>		<b>8,500.10</b>	5,719.31
Earnings per equity share	30.14		
(Nominal value of share ₹ 10 (31 March 2012: ₹ 10))			
(1) Basic		13.04	11.44
(2) Diluted		13.03	11.42
Summary of significant accounting policies	2		

The notes referred to above form an integral part of the financials statements

As per our report of even date attached

For **B S R and Co**  
Chartered Accountants  
Firm's Registration No: 128510W

**Vijay Mathur**  
Partner  
Membership No: 046476

Place : Mumbai  
Date : 28 May 2013

For and on behalf of the Board of Directors of  
**Tribhovandas Bhimji Zaveri Limited**

**Shrikant Zaveri**  
Chairman and Managing Director

**Raashi Zaveri**  
Director - Finance

**Niraj Oza**  
Company Secretary

# Cash Flow Statement

for the year ended 31 March 2013

(Currency: ₹ in Lakhs)

Particulars	31 March 2013	31 March 2012
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	12,356.46	8,692.52
Adjustments for:		
Depreciation and amortisation	804.37	526.27
Interest expenses	2,149.42	3,148.22
Provision for bad debts	-	19.26
Employee stock options scheme (net)	(60.46)	29.74
Foreign exchange gain (net)	(0.04)	(4.41)
Interest income on deposits	(223.90)	(32.17)
Interest income on income tax refund	(44.87)	(10.57)
(Profit) / loss on sales of fixed assets	11.90	(2.24)
Dividend income	(17.80)	-
Assets written off	-	40.36
<b>Operating cash flow generated before working capital changes</b>	<b>14,975.08</b>	12,406.97
<b>Movements in working capital</b>		
Increase in current liabilities and provisions	3,923.61	3,600.17
Increase / (decrease) in trade payables	8,444.74	(2,040.89)
(Increase) in inventories	(52,548.35)	(7,646.41)
Decrease in trade receivables	123.72	522.50
(Increase) in current assets and loans and advances	(743.27)	(94.97)
<b>Cash (utilised) / generated from operations</b>	<b>(25,824.47)</b>	6,747.38
Income taxes paid	(4,559.57)	(2,852.60)
<b>Net cash (utilised) / generated from operating activities</b>	<b>(A) (30,384.04)</b>	3,894.78
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(4,511.03)	(701.90)
Sale of fixed assets	1.78	48.58
Purchase of non-current investments of subsidiary	-	(4.27)
Investment in fixed deposits	(1,833.50)	57.26
Investments in mutual funds	(0.11)	-
Dividend income	17.80	-
Interest income on deposits	223.90	32.17
Interest income on income tax refund	44.87	10.57
<b>Net cash utilised for investing activities</b>	<b>(B) (6,056.29)</b>	(557.59)

(Currency: ₹ in Lakhs)

Particulars	31 March 2013	31 March 2012
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds / (repayment) from borrowings	21,043.13	(504.98)
Proceeds from IPO	20,000.00	-
Expenses incurred for raising IPO	(1,636.00)	-
Interest expenses	(2,149.42)	(3,148.22)
<b>Net cash generated / (utilised) for financing activities</b>	<b>37,257.71</b>	<b>(3,653.20)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>817.38</b>	<b>(316.01)</b>
<b>Cash and cash equivalent at beginning of year (refer note below)</b>	<b>217.26</b>	<b>533.27</b>
<b>Cash and cash equivalent at end of year (refer note below)</b>	<b>1,034.64</b>	<b>217.26</b>
<b>Notes to cash flow statement</b>		
1 Components of cash and cash equivalents:		
Cash on hand	438.45	52.42
Balances with banks		
- on current accounts	596.19	164.84
	<b>1,034.64</b>	<b>217.26</b>

- 2 The above cash flow statement has been prepared using indirect method set out in AS-3 Cash Flow Statements as prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in consultation with National Advisory Committee on Accounting Standards ('NACAS').

The notes referred to above form an integral part of the financials statements

As per our report of even date attached  
For **B S R and Co**  
Chartered Accountants  
Firm's Registration No: 128510W

**Vijay Mathur**  
Partner  
Membership No: 046476

Place : Mumbai  
Date : 28 May 2013

For and on behalf of the Board of Directors of  
**Tribhovandas Bhimji Zaveri Limited**

**Shrikant Zaveri**  
Chairman and Managing Director

**Raashi Zaveri**  
Director - Finance

**Niraj Oza**  
Company Secretary

# Notes

to the Financial Statements for the year ended 31 March 2013

## 1 COMPANY OVERVIEW

Tribhovandas Bhimji Zaveri Limited ('TBZ' or the 'the Company') known under the brand 'TBZ- the Original' was incorporated on 24 July 2007 by conversion of a partnership firm Tribhovandas Bhimji Zaveri under Part IX of the Companies Act, 1956 whereby the partners of the partnership firm became shareholders with the shareholdings as agreed amongst the partners. The Company has been converted to a public limited company w.e.f. 3 December 2010. The Company is in the business of retail sales of ornaments made of gold, diamond, silver, platinum and other precious stones through its 25 show rooms located across India.

The Company successfully completed its Initial Public Offer during the year of ₹ 20,000 lakhs by for fresh issue of 16,666,667 shares. The shares of face value of ₹ 10 each had a price band between ₹ 120 to ₹ 126 per share. The issue price was fixed at ₹ 120 per share. The shares got listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited on 9th May 2012.

## 2 SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in consultation with the National Advisory Committee on Accounting Standards ('NACAS'), and the relevant provisions of the Companies Act, 1956, to the extent applicable.

### 2.2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results

could differ from those estimates. Management believes the assumptions used in the estimates are prudent and reasonable. Any revision to accounting estimates is recognized prospectively in the current and future periods.

### 2.3 Current -non-current classification

All assets and liabilities are classified into current and non-current.

#### Assets

An asset is classified as current when it satisfy any of the following criteria :

- it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is held primarily for the purpose of being traded ;
- it is expected to be realised within 12 months after months after reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date .

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current

#### Liabilities

A liability is classified as current when it is satisfy any of the following criteria:

- it is expected to be settled in the Company's normal operating cycle
- it is held primarily for the purpose of being traded
- it is due to be settled within 12 months after the reporting date; or
- the Company does not have as unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of the liability that could, at the option of the counterparty, result in its settlement by



# Notes

to the Financial Statements for the year ended 31 March 2013

the issue of equity instrument do not affect its classification

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current

Operating Cycle :

An Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

## 2.4 Fixed assets and depreciation / amortisation

### Tangible Fixed Assets

"Tangible fixed assets are carried at cost of acquisition or construction less accumulated depreciation. The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price. Subsequent expenditures related to an item of tangible fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance."

"Depreciation on fixed assets other than lease hold improvements and computer software has been provided on the written down value, prorata to the period of use at the rates specified in schedule XIV of the Companies Act, 1956, which reflect the management's best estimate of the economic useful life of the assets. Lease hold improvements are amortised over shorter of, the period of lease or useful life. Computer software is capitalised and amortised over a period of five years. Freehold land is not depreciated. Assets individually costing up to ₹ 5,000 are fully depreciated in the year of purchase."

Depreciation for the year is recognised in the Statement of Profit and Loss. However for revalued assets, the additional depreciation relatable to revaluation is adjusted by transfer from revaluation

reserve to Statement of Profit and Loss. The useful lives are reviewed by the management at each financial year-end and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the revised remaining useful life.

### Intangible Fixed Assets

Intangible assets are recognised only when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of such assets can be measured reliably. Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any. All costs relating to the acquisition are capitalised.

Intangible assets are amortised in statement of profit or loss over their estimated useful lives, from the date that they are available for use based on the expected pattern of consumption of economic benefits of the asset. Accordingly, at present, these are being amortised on straight line basis. In accordance with the applicable Accounting Standard, the Company follows a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. However, if there is persuasive evidence that the useful life of an intangible asset is longer than ten years, it is amortised over the best estimate of its useful life. Such intangible assets and intangible assets that are not yet available for use are tested annually for impairment.

Amortisation method and useful lives are reviewed at each reporting date. If the useful life of an asset is estimated to be significantly different from previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern.

## 2.5 Impairment of assets

Fixed assets (tangible and intangible) are reviewed at each reporting date to determine if

# Notes

## to the Financial Statements for the year ended 31 March 2013

there is any indication of impairment. For assets in respect of which any such indication exists and for intangible assets mandatorily tested annually for impairment, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets (cash generating unit or CGU) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its net selling price. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognised in Statement of profit or loss. However, an impairment loss on a revalued asset is recognised directly against any revaluation surplus to the extent that the impairment loss does not exceed the amount held in the revaluation surplus for that same asset. Impairment loss recognised in respect of a CGU is allocated to reduce the carrying amount of assets in the CGU on a pro rata basis.

If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists or has decreased, the assets or CGU's recoverable amount is estimated. For assets other than goodwill, the impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such a reversal is recognised in the Statement of Profit and Loss.

### 2.6 Investments

Long term investments are carried at cost. Provision for diminution in the value of long term

investments is made only if such a decline is other than temporary.

### 2.7 Inventories

Inventories are stated at lower of cost and net realizable value. Cost is determined as follows:

- i) in case of gold, loose diamond, silver, zaverat, platinum and platinum diamond jewellery and packing material at weighted average costs; and
- ii) in case of diamond jewellery, jadau jewellery, stones, pearls and watches, at specific cost.
- iii) in case of watches, model wise weighted average cost.
- iv) in case of packing material at weighted average cost - The Company has changed its accounting policy related to packing material, where the same has been inventorised and expensed based on actual consumption of the packing material. If the Company had continued to follow the earlier accounting policy of expensing out the packing material upfront, the profit for the year and inventory would have been lower by ₹ 43.69 Lakhs.

Costs comprise all cost of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

"Cost of finished goods include costs of raw material, direct labour and other directly attributable expenses incurred in bringing such goods to their present location and condition. In the case of diamond jewellery the cost of finished goods include cost of raw material i.e. gold, direct labour, other directly attributable expenses incurred in bringing such goods to their present location and condition and cost of diamonds forming part of the jewellery as determined by management based on technical estimate of the purity and clarity of diamonds used, on which the auditors have placed reliance, as this being a technical matter."

# Notes

to the Financial Statements for the year ended 31 March 2013

"Raw materials held for the use in manufacturing of inventories are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value."

## 2.8 Revenue recognition

"Revenue from sale of goods in the course of ordinary activities is recognised when property in the goods or all significant risks and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding the collection. (net of sales tax, sales return, and trade discounts)"

"Interest income is recognized on a time proportion basis."

Dividend income is recognised when the right to receive payment is established.

## 2.9 Foreign Exchange Transactions

"Foreign exchange transactions are recorded at the exchange rates prevailing on the dates of the transactions. Exchange differences arising on foreign exchange transactions settled during the period are recognized in the statement of profit and loss of that period."

"Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the closing exchange rates. The resultant exchange differences are recognized in the statement profit and loss."

## 2.10 Employee benefits

### Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

### Post-employment benefits

#### Defined contribution plans

Provident fund and Employees State Insurance

The Company makes regular contributions to the Provident Fund and Employees State Insurance at the prescribed rates. Provident fund and Employee State Insurance dues are recognized when the liability to contribute to the provident fund and employees state insurance arises under the respective Acts.

#### Defined benefit plans

##### Gratuity

The Company's gratuity benefit scheme is an funded defined contribution plan. The Company's obligation in respect of gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods and discounting that benefit to determine its present value. The present value is determined based on actuarial valuation at the balance sheet date using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the balance sheet date. Actuarial gains and losses are recognized immediately in the statement of profit and loss. The Company contribute towards ascertained liabilities to the Tribhovandas Bhimji Zaveri Limited Employees Gratuity Trust, trustee administered contributions made to the trust and contribution are invested in a scheme with Life Insurance Corporation of India and HDFC Standard Life Insurance Company Limited as permitted by law. The company recognize the net obligation of the Gratuity plan in the balance sheet as an assets or liability, respectively in accordance with Accounting standards (AS) 15, `Employee

# Notes

to the Financial Statements for the year ended 31 March 2013

Benefits. The Company's over all expected long term rate of return on assets has been determined based on consideration of available market information, Current provision of Indian law, specifying the instrument in which investment can be made, and historical returns. The discount rate is based on the government securities yield. Actuarial gains and losses arising from experience adjustment and changes in actuarial assumption are recognized in the consolidated Statement of Profit and Loss in the period in which they arise.

## Compensated Absences

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period.

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date determined on the basis of an actuarial valuation by an independent actuary using the projected unit credit method. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the balance sheet date. Actuarial gains and losses are recognized immediately in the statement of profit and loss.

## 2.11 Employees Stock Option Scheme

The excess of the Intrinsic value of shares, at the date of grant of options under the Employee Stock Option Schemes of the Company, over the exercise price is regarded as employee consideration, and recognised on a straight-line basis over the period over which the employees would become unconditionally entitled to apply for the shares.

## 2.12 Leases

Lease rentals in respect of assets acquired under operating lease are charged to the statement of profit and loss on straight line basis.

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expenses in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expenses in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.

## 2.13 Income taxes

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). Income-tax expense is recognised in statement of profit or loss except that tax expense related to items recognised directly in reserves is also recognised in those reserves.

Current tax is measured the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and

# Notes

to the Financial Statements for the year ended 31 March 2013

tax laws. Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

## 2.14 Earnings per share (EPS)

Basic EPS is computed using the weighted average number of equity shares outstanding during the year. Diluted EPS is computed using the weighted average number of equity and potential equity shares outstanding during the year except where the results would be anti-dilutive.

## 2.15 Provision and contingent liabilities

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may or may not require an outflow of resources. 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.



# Notes

to the Financial Statements for the year ended 31 March 2013

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>3 SHARE CAPITAL</b>		
<b>Authorised Shares</b>		
75,000,000 (31 March 2012: 75,000,000) equity shares of ₹ 10 each	7,500.00	7,500.00
Increased during the year	-	-
<b>Closing balance of equity shares</b>	<b>7,500.00</b>	7,500.00
<b>Issued, subscribed and fully paid up</b>		
50,000,000 (31 March 2012: 50,000,000) equity shares of ₹ 10 each	5,000.00	5,000.00
Add: 16,666,667 equity shares of ₹ 10 each raised towards IPO issue	1,666.67	-
<b>Total issued, subscribed and fully paid up share capital</b>	<b>6,666.67</b>	<b>5,000.00</b>

Note :

**a Shares reserved for issue under options**

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company. (refer note 30.2).

**b Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

(Currency: ₹ in Lakhs)

Equity shares	31 March 2013		31 March 2012	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	50,000,000	5,000.00	50,000,000	5,000.00
Raised during the year- IPO	16,666,667	1,666.67	-	-
<b>Outstanding at the end of the year</b>	<b>66,666,667</b>	<b>6,666.67</b>	<b>50,000,000</b>	<b>5,000.00</b>

**c Aggregate number of bonus shares issued, share issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:**

Equity shares	31 March 2013		31 March 2012	
	No. of shares	Amount	No. of shares	Amount
Equity shares allotted as fully paid bonus shares by capitalization of security premium	48,800,000	4,880.00	48,800,000	4,880.00
Equity shares allotted as fully paid-up pursuant to contracts for consideration other than cash	-	-	-	-
Equity shares bought back by the Company	-	-	-	-

# Notes

to the Financial Statements for the year ended 31 March 2013

## d Details of shareholders holding more than 5% shares in the Company

	% holding in class	No. of Shares	% holding in class	No. of Shares
Equity shares of ₹ 10 each fully paid				
Shrikant Zaveri	50.09%	33,392,275	66.78%	33,392,275
Binaisha Zaveri	7.93%	5,285,000	10.57%	5,285,000
Raashi Zaveri	6.86%	4,572,500	9.15%	4,572,500
Bindu Zaveri	5.25%	3,500,000	7.00%	3,500,000

## e Terms / rights attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

Failure to pay any amount called up on shares may lead to forfeiture of the shares.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

# Notes

to the Financial Statements for the year ended 31 March 2013

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>4 RESERVES AND SURPLUS</b>		
<b>i) Securities premium account</b>		
At the commencement of the year	-	-
Add: amounts raised towards the public issue	18,333.33	-
Less: expenses incurred for raising IPO	(1,636.00)	-
<b>Closing balance</b>	<b>16,697.33</b>	-
<b>ii) Employee stock options outstanding account*</b>		
At the commencement of the year	132.29	102.55
Add: Employee compensation expenses for the year	15.83	29.74
Less: Reduction of employee compensation expenses for the year	(76.29)	-
<b>Closing balance</b>	<b>71.83</b>	132.29
<b>iii) Surplus in profit and loss</b>		
At the commencement of the year	10,825.26	5,607.81
Profit for the year	8,500.10	5,719.31
Add: excess provision of tax pertaining to earlier years	-	79.25
Less: Appropriations		
- Transfer to general reserves	(850.01)	-
- Proposed final equity dividend	(1,500.00)	(500.00)
[amount ₹ 22.50 per share (31 March 2012: ₹ 0.75 per share)]		-
- Tax on proposed equity dividend	(254.92)	(81.11)
<b>Net surplus in the statement of profit and loss</b>	<b>16,720.43</b>	10,825.26
<b>iv) General reserves</b>		
At the commencement of the year	-	-
Add: Transfer from statement of profit and loss	850.01	-
<b>Closing balance</b>	<b>850.01</b>	-
<b>Total reserves and surplus</b>	<b>34,339.60</b>	10,957.55

\*Created consequent to accounting of Employee Stock Option Plan issued to the Company's employees following the Guidance Note on Accounting for Employee Share based payments.

# Notes

to the Financial Statements for the year ended 31 March 2013

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>5 LONG TERM BORROWINGS</b>		
- Secured		
Term loans		
from banks		
- HDFC Bank Limited term loan *	128.93	223.43
- ICICI Bank Limited term loan **	1,820.00	-
- HDFC Bank Limited vehicle loan ***	2.01	14.22
- State Bank of India vehicle loan ****	-	9.53
from financial institutions		
- BMW Financial Services *****	0.92	19.86
	<b>1,951.86</b>	<b>267.04</b>
<b>Amount disclosed under the head other current liabilities (refer note 10)</b>		
- HDFC Bank Limited term loan	94.49	85.11
- ICICI Bank Limited term loan	390.00	-
- State Bank of India term loan	-	260.24
- HDFC Bank Limited vehicle loan	12.21	11.04
- State Bank of India vehicle loan	9.33	1.95
- BMW Financial Services	18.94	21.26
	<b>524.97</b>	<b>379.60</b>

\*The term loan from bank carries interest @ 12.85% p.a. The loan is repayable in 60 monthly installments of ₹ 6.91 Lakhs each alongwith interest, from the date of loan, viz., 7 May 2010. The loan is secured by hypothecation of exclusive charge on the properties situated at Punjugutta (Hyderabad) of the Company. Further, the loan has been guaranteed by the personal guarantee of the managing director of the Company.

\*\*The term loan from bank carries interest @ 13.15% p.a. The loan is repayable in 72 monthly installments of ₹ 32.50 Lakhs each and additional interest, from the date of loan, viz., 31 December 2012. The loan is secured by hypothecation of exclusive charge on the property purchase of new premises at 11th Floor, Tulsiani Chambers, Nariman Point, Mumbai - 400021.

\*\*\*The vehicle loan from HDFC bank carries interest @ 10.75% p.a and 9.75% p.a. The loan is repayable in 36 monthly installments of ₹ 0.79 Lakh and ₹ 0.29 Lakh respectively each alongwith interest, from the date of loan, viz., 7 April 2011 and 7 November 2011 respectively. The loan is secured by hypothecation of vehicle.

\*\*\*\*The vehicle loan from State Bank of India carries interest @ 10.95% p.a. The loan is repayable in 60 monthly installments of ₹ 0.26 Lakh each alongwith interest, from the date of loan, viz., 20 December 2012. The loan is secured by hypothecation of vehicle.

\*\*\*\*\*The vehicle loan from BMW Financial services bank carries interest @ 10.75% p.a and 8.69% p.a. The loan is repayable in 36 monthly installments of ₹ 1.10 Lakhs and ₹ 0.93 Lakh respectively each alongwith interest, from the date of loan, viz., 16 January 2011 and 1 June 2011 respectively. The loan is secured by hypothecation of vehicle.

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>6 OTHER LONG TERM LIABILITY</b>		
Others		
- Security deposits (refer note 30.11)		
(Unsecured, considered good)	54.00	54.00
	<b>54.00</b>	<b>54.00</b>

# Notes

to the Financial Statements for the year ended 31 March 2013

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>7 LONG TERM PROVISIONS</b>		
<b>Provision for employee benefits</b>		
- Provision for gratuity (refer note 30.3)	376.60	322.73
- Provision for compensated absences	195.57	64.14
	<b>572.17</b>	386.87

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>8 SHORT TERM BORROWINGS</b>		
<b>i) Secured Loan</b>		
(a) Loans repayable on demand		
- Working capital demand loan*	3,500.00	4,000.00
- Cash credit from banks**	8,993.23	14,866.41
	<b>12,493.23</b>	18,866.41
(b) Others		
- ICICI Bank Limited***	3,772.32	-
- The Bank of Nova Scotia****	21,897.40	-
- HDFC Bank Limited*****	893.29	-
	<b>26,563.01</b>	-
<b>ii) Unsecured Loan</b>		
Loans repayable on demand		
- From directors (refer note 30.11)	112.15	943.30
- From associates (refer note 30.11)	280.02	280.39
	<b>392.17</b>	1,223.69
	<b>39,448.41</b>	20,090.10

\*The loan is repayable on demand and bullet repayment on maturity date and interest carries @ 12% p.a. The loan is secured by hypothecation of exclusive charge on the raw materials, finished goods, receivables, entire fixed assets of the Company, and other current assets located at Zaveri Bazar, and Santacruz showroom. Further, the loan has been guaranteed by the personal guarantee of the directors of the Company, which has been release during the year.

\*\*The Company has formed a consortium with State Bank of India as the lead banker. The cash credit from State Bank of India carries interest @ 10.20% p.a. The loan is repayable on demand from the date of loan, viz., 22 March 2011. The loan is secured by hypothecation of exclusive charge on raw materials, finished goods, receivables, entire fixed assets of the Company, and other current assets located at Zaveri Bazar alongwith collateral security of Zaveri Bazar, and Surat property and Charkop factory, and fixed deposits of ₹ 300.00 Lakhs. Further, the loan has been guaranteed by the personal guarantee of the directors of the Company, which has been release during the year.

\*\*\*The Company has formed a consortium with State Bank of India as the lead banker. The cash credit from HDFC Bank carries interest @ 12.80% p.a. The loan is repayable on demand from the date of loan, viz., 1 March 2011. The loan is secured by hypothecation of exclusive charge on raw materials, finished goods, receivables, entire fixed assets of the Company, and other current assets located at Zaveri Bazar, and Santacruz showroom. Further, the loan has been guaranteed by the personal guarantee of the directors of the Company, which has been release during the year.



# Notes

to the Financial Statements for the year ended 31 March 2013

## 8 SHORT TERM BORROWINGS (CONTD.)

\*\*The Company has formed a consortium with State Bank of India as the lead banker. The cash credit from Union Bank of India carries interest @ 12.25% p.a. The loan is repayable on demand from the date of loan, viz., 1 October 2012. The cash credit is secured by hypothecation of first pari passu charge to the current assets of the Company alongwith other working capital lenders and first pari passu charge upon the immovable property of the Company at Zaveri Bazar as collateral security.

\*\*The Company has formed a consortium with State Bank of India as the lead banker. The cash credit from ICICI Bank Limited carries interest @ 12.35% p.a. The loan is repayable on demand from the date of loan, viz., 27 March 2012. The cash credit is secured by hypothecation of first pari passu charge over the Company's stocks of raw material, Work in progress, finished goods and receivables and entire current assets with the participatory banks and first pari passu charge upon the immovable property of the Company at Zaveri Bazar with the participatory banks.

\*\*\*The gold on loan from ICICI Bank Limited carries interest @ 4.5% p.a. The loan is repayable within 180 days from the date of disbursement. The gold on loan is sub limit of cash credit facility taken.

\*\*\*\*The gold on loan from The Bank of Nova Scotia carries interest @ 3% p.a. The loan is repayable within 180 days from the date of disbursement. The gold on loan is secured by Stand by Letter of Credit (SBLC) amounting to 110% of the outstanding value.

\*\*\*\*\*The gold on loan from HDFC Bank Limited carries interest @ 3% p.a. The loan is repayable within 180 days from the date of disbursement. The gold on loan is secured by Stand by Letter of Credit (SBLC) amounting to 110% of the outstanding value.

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>9 TRADE PAYABLES</b>		
<b>Due to</b>		
- Micro, Small and Medium Enterprises (refer note 30.4)	-	-
Other than Micro, Small and Medium Enterprises		
- due to related parties (refer note 30.11)	313.42	120.77
- due to others	16,849.04	8,596.99
	<b>17,162.46</b>	<b>8,717.76</b>

# Notes

to the Financial Statements for the year ended 31 March 2013

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>10 OTHER CURRENT LIABILITIES</b>		
Current maturities of long term borrowings (refer note 5)	524.97	379.60
Interest accrued but not due on borrowings	105.07	52.97
Share application money due for refund*	1.37	-
Amount liable to be deposited in Investor Education and Protection Fund but not yet due for deposit		
- Unpaid dividend	0.13	-
<b>Other payables</b>		
- Advance from customers	11,858.50	8,185.00
- Statutory liabilities	378.51	401.04
- Capital creditors	131.75	0.30
- Provision for sales promotion expenses (refer note 30.12)	470.00	210.00
- Provision for expenses	939.42	445.77
- Provision for personnel expenses	737.55	914.36
- Provision for capital expenditure	115.62	57.96
	<b>15,262.89</b>	10,647.00

\*During May 2012, the company had received application money for allotment of equity shares via Initial Public Offer (IPO). However, due to over subscription the application money became due for refund. There is no interest payable on share application money.

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>11 SHORT TERM PROVISIONS</b>		
<b>Provision for employee benefits</b>		
- Provision for gratuity (refer note 30.3)	49.21	101.57
- Provision for compensated absences	193.79	190.54
<b>Others</b>		
- Proposed equity dividend	1,500.00	500.00
- Tax on proposed equity dividend	254.92	81.11
- Provision for wealth tax	1.97	2.22
- Provision for taxation (net of advance tax)	663.00	1,260.00
	<b>2,662.89</b>	2,135.44

# Notes

to the Financial Statements for the year ended 31 March 2013

## 12 FIXED ASSETS

(Currency: ₹ in Lakhs)

Description of assets	Gross block			Depreciation / Amortisation			Net block	
	As at 1 April 2012	Additions during the period	Deletion/ adjustment during the period	As at 31 Mar 2013	As at 1 April 2012	For 1 April 2012 to 31 Mar 2013	As at 31 Mar 2013	As at 31 Mar 2012
<b>Tangible assets</b>								
Land - owned	1,419.34 (1,419.34)	-	-	1,419.34 (1,419.34)	-	-	1,419.34 (1,419.34)	1,419.34 (1,419.34)
Buildings - Factory	1,943.71 (1,845.16)	2,766.68 (98.55)	-	4,710.39 (1,943.71)	285.90 (173.17)	210.14 (112.73)	4,214.35 (1,657.81)	1,657.81 (1,671.99)
Lease hold improvements	441.50 (424.22)	800.30 (56.89)	-	1,241.80 (441.50)	158.95 (123.16)	87.46 (51.16)	995.39 (282.55)	282.55 (301.06)
Plant and equipment	841.85 (623.29)	377.31 (224.70)	-	1,219.16 (841.85)	238.34 (159.48)	109.30 (81.51)	871.52 (603.51)	603.51 (463.80)
Furniture and fixtures	847.49 (868.67)	409.99 (64.71)	-	1,257.48 (847.49)	393.28 (337.22)	182.55 (100.18)	681.65 (454.21)	454.21 (531.45)
Vehicles	294.05 (277.49)	-	24.19 (50.64)	269.86 (294.05)	132.99 (118.03)	40.98 (49.04)	107.08 (161.06)	161.06 (159.46)
Computers	349.34 (236.61)	47.08 (115.96)	0.85 (3.23)	395.57 (349.34)	200.05 (127.63)	67.75 (75.00)	127.95 (108.98)	149.29 (108.98)
<b>Sub Total</b>	6,137.28 (5,694.78)	4,401.36 (628.01)	25.04 (185.51)	10,513.60 (6,137.28)	1,409.51 (1,038.69)	698.18 (469.61)	2,096.32 (1,409.51)	8,417.28 (4,727.77)
<b>Intangible assets</b>								
Computer software	282.07 (278.51)	263.54 (3.56)	-	545.61 (282.07)	94.34 (37.68)	106.19 (56.66)	345.08 (94.34)	187.73 (240.83)
<b>Sub Total</b>	282.07 (278.51)	263.54 (3.56)	-	545.61 (282.07)	94.34 (37.68)	106.19 (56.66)	345.08 (94.34)	187.73 (240.83)
<b>Capital work in progress</b>	70.65	164.14	70.65	164.14	-	-	164.14	70.65
<b>Sub Total</b>	70.65	164.14	70.65	164.14	-	-	164.14	70.65
<b>TOTAL</b>	6,490.00 (5,973.29)	4,829.04 (702.22)	95.69 (185.51)	11,223.35 (6,490.00)	1,503.85 (1,076.37)	804.37 (526.27)	2,296.85 (1,503.85)	4,986.15 (4,896.91)

\* Amounts pertaining to year ended 31 March 2012 are in bracket.

# Notes

to the Financial Statements for the year ended 31 March 2013

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>13 NON CURRENT INVESTMENTS</b>		
<b>Trade Investments</b>		
- Investments in equity instruments (Unquoted)		
100,000 (31 March 2012: 100,000) equity shares of ₹ 10 each, fully paid up in Konfiaance Jewellery Private Limited a wholly owned subsidiary	100.18	100.18
5,020 (31 March 2012: 5,020) equity shares of ₹ 100 each, fully paid up in Tribhovandas Bhimji Zaveri (Bombay) Limited a wholly owned subsidiary	202.33	202.33
<b>Other Investments</b>		
- Investments in equity instruments (Quoted)		
SBI Mutual Fund Magnum Insta Cash Fund	0.11	-
6,249 (31 March 2012: Nil) units of ₹ 1,675 each		
	<b>302.62</b>	302.51
Aggregate amount of quoted investment (Market Value ₹ 0.11 Lakhs, 31 March 2012: ₹ Nil)	0.11	-

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>14 DEFERRED TAX ASSETS (NET)</b>		
Arising on account of timing difference in		
<b>Deferred tax liability</b>		
- Impact of difference between tax depreciation and depreciation charged for the financial reporting period	(104.40)	(95.52)
<b>Gross deferred tax liability</b>	<b>(104.40)</b>	(95.52)
<b>Deferred tax assets</b>		
- Provision for employee benefits	320.63	272.92
- Provision for sales promotion	153.67	69.30
- Provision for commission to directors	32.45	-
- Provision for doubtful debts	18.09	18.09
- Provision for lease rent equalisation	98.67	73.49
<b>Gross deferred tax assets</b>	<b>623.51</b>	433.80
<b>Net deferred tax assets</b>	<b>519.11</b>	338.28
<b>Net changes in deferred tax assets</b>	<b>180.83</b>	162.84

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>15 LONG TERM LOANS AND ADVANCES</b>		
<b>To related parties</b>		
- Security deposits (refer note 30.11) (Unsecured, considered good)	72.00	72.00
<b>To parties other than related parties</b>		
- Security deposits (Unsecured, considered good)	748.73	574.36
<b>- Capital advances</b> (Unsecured, considered good)	125.85	95.66
<b>- Other loans and advances</b>		
Advance tax (net of provision for taxation)	59.83	134.71
	<b>1,006.41</b>	876.73

# Notes

to the Financial Statements for the year ended 31 March 2013

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>16 INVENTORIES</b>		
<b>(Valued at the lower of cost and net realisable value)</b>		
Raw material	9,666.24	5,195.58
Finished goods and traded goods	93,028.13	44,994.13
Packing material	43.69	-
	<b>102,738.06</b>	<b>50,189.71</b>

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>17 TRADE RECEIVABLES</b>		
<b>(Unsecured, considered good unless stated otherwise)</b>		
Outstanding for a period exceeding six months from the date they are due for payment		
-Secured, considered good	-	-
-Unsecured, considered good	1.22	13.11
-Doubtful	53.75	53.75
	<b>54.97</b>	<b>66.86</b>
Less: Provision for doubtful receivables	(53.75)	(53.75)
Other receivables		
-Unsecured, considered good *	175.11	286.93
	<b>176.33</b>	<b>300.04</b>

\* Includes receivable from credit card companies amounting to ₹ 148.25 Lakhs (31 March 2012: ₹ 66.57 Lakhs)

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>18 CASH AND BANK BALANCES</b>		
<b>Cash and cash equivalent</b>		
Cash on hand	438.45	52.42
Balances with banks		
- on current accounts	596.19	164.84
<b>Other bank balances</b>		
- deposits with original maturity for more than 3 months but less than 12 months*	2,150.25	316.75
	<b>3,184.89</b>	<b>534.01</b>

\* Deposits with a carrying amount of ₹ 28.13 Lakhs (31 March 2012: ₹ Nil) are towards Bank Guarantee given to Bombay Stock Exchange Limited (BSE).

\* Deposits with a carrying amount of ₹ 35.83 Lakhs (31 March 2012: ₹ Nil) are lien with West Bengal VAT authorities as deposits.

\* Deposits with a carrying amount of ₹ 343.14 Lakhs (31 March 2012: ₹ 300.00 Lakhs) are subject to first charge to secure the Company's cash credit loans.

\* Deposits with a carrying amount of ₹ 1,743.15 Lakhs (31 March 2012: ₹ Nil) are subject to first charge to secure gold loan facility availed from bank.



# Notes

to the Financial Statements for the year ended 31 March 2013

## 18 CASH AND BANK BALANCES (CONTD.)

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>Details of bank balances/deposits</b>		
Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	-	-
Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	2,150.25	316.75
Bank deposits due to mature after 12 months of the reporting date included under 'Other noncurrent assets'	-	-
	<b>2,150.25</b>	<b>316.75</b>

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>19 SHORT TERM LOANS AND ADVANCES</b>		
<b>- To related parties</b>		
(Unsecured, considered good)		
- Konfiaance Jewellery Private Limited (refer note 30.11)	2.56	2.16
<b>- Others</b>		
(Unsecured, considered good)		
- Advance to suppliers	560.84	151.98
- Advances to employees and others	25.26	20.07
- Prepaid expenses	252.89	80.60
- Balance with government authorities	222.48	41.64
- Security deposits	203.00	-
	<b>1,267.03</b>	<b>296.45</b>

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>20 OTHER CURRENT ASSETS</b>		
(Unsecured, considered good)		
- IPO expenses carried forward to be adjusted against securities premium	-	431.88
	<b>-</b>	<b>431.88</b>

# Notes

to the Financial Statements for the year ended 31 March 2013

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>21 REVENUE FROM OPERATIONS</b>		
i) <b>Sale of products</b>		
- <b>Finished goods</b>		
- Gold	110,378.26	83,512.19
- Diamond	28,864.43	26,301.68
- Others	1,073.76	-
<b>Total finished goods</b>	<b>140,316.45</b>	109,813.87
- <b>Traded goods</b>		
- Gold	13,804.88	16,664.33
- Diamond	9,676.20	8,771.64
- Others	1,144.71	2,789.48
<b>Total traded goods</b>	<b>24,625.79</b>	28,225.45
ii) <b>Other operating revenue</b>		
Indirect tax credit availed	891.53	507.67
<b>Revenue from operations (net)</b>	<b>165,833.77</b>	138,546.99

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>22 OTHER INCOME</b>		
Interest income on		
- Bank deposits	223.90	32.17
- Income tax refund	44.87	10.57
Net gain on sale of fixed assets	-	2.24
Rental income	108.00	108.00
Foreign exchange gain (net)	0.04	4.41
Net gain on settlement	98.84	-
Dividend income	17.80	-
Reversal of employee stock options scheme (ESOP) (refer note 30.2)	76.29	-
Liabilities no longer required written back	18.49	3.51
	<b>588.23</b>	160.90

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>23 COST OF RAW MATERIAL AND COMPONENTS CONSUMED</b>		
Inventory at the beginning of the year	5,195.58	5,385.18
Add: Purchases	160,843.88	96,999.40
	166,039.46	102,384.58
Less: Inventory at the end of the year	(9,666.24)	(5,195.58)
<b>Cost of raw material and components consumed</b>	<b>156,373.22</b>	97,189.00
<b>Details of raw material and components consumed</b>		
- Gold	126,671.93	80,958.79
- Diamond	28,272.38	15,622.41
- Others	1,428.91	607.80
	<b>156,373.22</b>	97,189.00

# Notes

to the Financial Statements for the year ended 31 March 2013

## 23 COST OF RAW MATERIAL AND COMPONENTS CONSUMED (CONTD.)

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>Details of inventory</b>		
<b>Raw material and components</b>		
- Gold	4,405.36	2,671.69
- Diamond	5,260.88	2,523.89
	<b>9,666.24</b>	5,195.58

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>24 PURCHASE OF TRADED GOODS</b>		
- Gold	7,179.06	14,316.72
- Diamond	17,637.38	9,664.78
- Others	1,474.38	905.15
	<b>26,290.82</b>	24,886.65

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>25 CHANGES IN INVENTORIES OF FINISHED GOODS AND TRADED GOODS</b>		
<b>Opening inventory</b>		
- Finished goods and traded goods	44,994.13	37,158.11
	<b>44,994.13</b>	37,158.11
<b>Closing inventory</b>		
- Finished goods and traded goods	93,028.13	44,994.13
	<b>93,028.13</b>	44,994.13
<b>Increase in stock</b>	<b>(48,034.00)</b>	(7,836.02)
<b>Details of inventory</b>		
<b>Finished goods and traded goods</b>		
- Gold	55,140.15	29,033.49
- Diamond	35,394.39	14,477.65
- Others	2,493.59	1,483.00
	<b>93,028.13</b>	44,994.14

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>26 EMPLOYEE BENEFITS</b>		
Salaries, wages and bonus	4,894.03	4,121.31
Contribution to provident and other funds		
- Provident fund	73.03	70.09
- Other fund	31.26	33.53
Employee stock compensation expense (refer note 30.2)	15.83	29.74
Staff welfare charges	177.25	159.65
Gratuity expenses (refer note 30.3)	171.04	96.18
Compensated absences	147.88	64.10
	<b>5,510.32</b>	4,574.60

# Notes

to the Financial Statements for the year ended 31 March 2013

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>27 OTHER EXPENSES</b>		
Power and fuel	336.34	211.82
Water charges	14.76	10.65
Boxes and packing material	132.02	166.01
Repairs and maintenance to others	140.07	169.13
Jobwork charges	83.27	48.63
Rent (refer note 30.5)	1,512.34	1,084.20
Advertisement and sales promotion	5,356.02	3,567.03
Freight and forwarding charges	106.03	73.80
Commission and service charges	39.16	7.93
Insurance	55.59	46.08
Travelling and conveyance expenses	372.98	172.91
Rates and taxes	834.46	775.02
Computer and software expenses	87.29	85.46
Legal and professional fees	849.83	467.31
Royalty (refer note 29)	41.10	5.01
Postage, telegrams and telephone charges	161.86	144.06
Printing and stationery	61.72	47.04
Payment to auditors:		
- Statutory audit	47.84	33.09
- Out of pocket expenses	1.07	1.25
Vehicle expenses	22.94	27.27
Security charges	148.18	106.97
Miscellaneous expenses	182.74	83.05
Asset written off	-	40.36
Loss on sale of assets	11.90	-
Bank charges	334.93	107.41
Provision for doubtful debts	-	19.26
Directors sitting fees	6.02	3.40
Commission to directors	30.93	22.50
	<b>10,971.39</b>	<b>7,526.65</b>

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>28 FINANCE COSTS</b>		
Interest expenses	1,950.53	2,905.48
Other borrowing costs	198.89	242.74
	<b>2,149.42</b>	<b>3,148.22</b>

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>29 PRIOR PERIOD ITEMS</b>		
Provision for royalty not made in previous year	18.37	-
	<b>18.37</b>	<b>-</b>

# Notes

to the Financial Statements for the year ended 31 March 2013

(Currency: ₹ in Lakhs)

## 30 NOTES TO ACCOUNTS

### 30.1 Capital commitments and Contingent liabilities

Contracts remaining to be executed on capital account and not provided for as at 31 March 2013 is ₹ 233.81 Lakhs (2012: Nil) (net of advances).

#### Contingent Liabilities

##### Guarantee

Guarantees given on behalf of the directors in respect of loans taken by them is ₹ NIL (2012: ₹ 1,400 Lakhs)

##### Indirect tax matter

The Commercial Tax Officer, KVAT Circle IV, Ernakulam has issued a notice of demand / recovery notice under the Kerala Value Added Tax Rules, 2005 for the year 2009-10 for the payment of ₹ 49.79 Lakhs towards liability of compounding tax. The Company has filed an appeal against the aforesaid notice. The appellate matter is currently pending with the Deputy Commissioner of Sales Tax (Appeal), Ernakulam.

##### Direct tax matter

The Additional Commissioner of Income Tax Central circle 4(3) has issued notice of demand under Section 156 of Income Tax Act, 1961 for A.Y. 2010 - 2011 for the payment of ₹ 148.75 Lakhs, the Company has filed an appeal against the aforesaid notice. The appellate matter is currently pending with the Commissioner of Income Tax (Appeal).

### 30.2 Employee Stock Option Plan

TBZ ESOP 2011 ('Scheme 2011')

In January 2011, the Board of the Company approved the TBZ ESOP 2011 ("the Scheme"), which covers the employees of the Company including its subsidiaries.

The scheme provides share based compensation to its employees using Stock options (Options) and Restricted Share Units (RSU)

- The Scheme would be administered and supervised by the members of the Remuneration Committee (which has been authorized by the Board to function as the "Compensation Committee");
- Exercise price of options will be ₹ 149.93 per share and Exercise price of restricted stock units will be ₹ 10 per share;
- The Scheme provides that these options would vest in tranches over a period of 3 years as follows:

Period within which options will vest unto the participant	% of options that will vest
End of 12 months from the date of grant of options*	33%
End of 24 months from the date of grant of options*	33%
End of 36 months from the date of grant of options*	34%

\* Date of granting or date of listing whichever is later.

The Scheme provides that restricted stock units would vest in tranches over a period of 3 years as follows:

Period within which options will vest unto the participant	% of options that will vest
End of 12 months from the date of grant of options*	66%
End of 36 months from the date of grant of options*	34%
Maximum term of options granted ( In years)	3.65
Method of settlement	Equity settled



# Notes

to the Financial Statements for the year ended 31 March 2013

## 30 NOTES TO ACCOUNTS (CONTD.)

### 30.2 Employee Stock Option Plan (Contd.)

Employee stock option activity under Scheme 2011 is as follows:

#### 1) Options

Particulars	31 March 2013	31 March 2012
Outstanding at beginning of the period	111,309	111,309
Granted during the period	Nil	Nil
Forfeited during the period	Nil	Nil
Cancelled during the year	58,235	Nil
Exercised during the period	Nil	Nil
Outstanding at the end of the period	53,074	111,309
Vested and exercisable at the end of the period	Nil	Nil

The Company has accounted for the above as compensation cost following the Guidance Note issued by the Institute of Chartered Accountants of India relating to Employee Share Based Payment.

The total (credit) / charge to the statement of profit and loss on account of Options is ₹ (2.44 Lakhs) (31 March 2012 ₹ 2.19 Lakhs)

The total carrying amount as at 31 March 2013 on account of Options is ₹ 3.75 Lakhs (31 March 2012: ₹ 6.19 Lakhs)

#### 2) Restricted Stock Units (RSUs)

Particulars	31 March 2013	31 March 2012
Outstanding at beginning of the period	97,124	97,124
Granted during the period	Nil	Nil
Forfeited during the period	Nil	Nil
Cancelled during the year	50,813	Nil
Exercised during the period	Nil	Nil
Outstanding at the end of the period	46,311	97,124
Vested and exercisable at the end of the period	Nil	Nil

The Company has accounted for the above as compensation cost following the Guidance Note issued by the Institute of Chartered Accountants of India relating to Employee Share Based Payment.

The total (credit) / charge to the statement of profit and loss on account of RSU is ₹ (58.03 Lakhs) (31 March 2012 - ₹ 27.56 Lakhs)

The total carrying amount as at 31 March 2013 on account of RSU is ₹ 68.08 Lakhs (31 March 2012: ₹ 126.10 Lakhs)

The fair value of the options/RSUs on the grant date was determined based on Intrinsic value method

Had compensation cost been determined under the fair value approach described in the Guidance Note using the Black Scholes pricing model, the Company's net income and basic and diluted earnings per share would have been as set out below:

# Notes

to the Financial Statements for the year ended 31 March 2013

## 30 NOTES TO ACCOUNTS (CONTD.)

### 30.2 Employee Stock Option Plan (Contd.)

(Currency: ₹ in Lakhs)

Particulars	31 March 2013	31 March 2012
Net Income as reported	8,500.10	5,719.30
Add: Intrinsic Value Compensation Cost	(60.46)	29.75
Less: Fair Value Compensation Cost	23.19	88.67
Adjusted Proforma Income	8,417.44	5,660.38
Earning Per Share: Basic (₹)		
As Reported	13.04	11.44
Adjusted Pro Forma	12.91	11.32
Earning Per Share: Diluted (₹)		
As Reported	13.03	11.42
Adjusted Pro Forma	12.90	11.30

Particulars	31 March 2013		31 March 2012	
	Options	RSUs	Options	RSUs
The key assumptions used to estimate the fair value of options are :				
- The weighted average fair value of those options at the grant date	34.28	148.71	34.28	148.71
- Option pricing model used	Black Scholes		Black Scholes	
- Inputs to that model including - weighted average share price (₹)	157.00	157.00	157.00	157.00
exercise price (₹)	149.93	10.00	149.93	10.00
expected volatility	0.00%	0.00%	0.00%	0.00%
option life (comprising vesting period + exercise period)	2.62	2.46	2.62	2.46
expected dividends	0.00%	0.00%	0.00%	0.00%
risk-free interest rate	8.03%	8.03%	8.03%	8.03%
any other inputs to the model including the method used and the assumptions made to incorporate the effects of expected early exercise.				
- Determination of expected volatility, including explanation to the extent expected volatility was based on historical 'volatility.	NA	NA	NA	NA
- Any other features of the option grant were incorporated into the measurement of the fair value, such as market conditions.	NA	NA	NA	NA
The expected life of the stock is based on historical data and current expectation and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of option is indicative of future trends, which may also not necessarily be the actual outcome.				

# Notes

to the Financial Statements for the year ended 31 March 2013

## 30 NOTES TO ACCOUNTS (CONTD.)

(Currency: ₹ in Lakhs)

	Gratuity (funded)	
	31 March 2013	31 March 2012
<b>30.3 Employee Benefits:</b>		
<b>a) Defined benefit plans</b>		
<b>I Change in Benefit Obligation</b>		
Liability at the beginning of the year	- 424.30	333.36
Interest cost	38.24	32.30
Current service cost	175.91	268.72
Benefit paid	(32.68)	(7.22)
Actuarial (gain) / loss on obligations	(125.77)	(202.86)
Liability at the end of the year	480.00	424.30
<b>II Amount Recognised in the Balance Sheet</b>		
Liability at the end of the year	480.00	424.30
Fair value of plan assets at the end of the year	(54.19)	-
Amount recognised in the balance sheet	425.81	424.30
<b>III Expenses recognised in the statement of profit and loss</b>		
Current service cost	175.91	268.72
Interest cost	38.24	32.30
Expected return on plan assets	-	-
Net actuarial (gain) / loss to be recognised	(125.77)	(202.86)
Expense recognised in statement of profit and loss	88.38	98.16
<b>IV Balance Sheet Reconciliation</b>		
Opening net liability	424.30	333.36
Expense recognized in the statement of profit and loss	88.38	98.16
Contribution Paid	(32.68)	(7.22)
Fair value of plan assets at the end of the year	(54.19)	-
Amount recognised in balance sheet	425.81	424.30
<b>V Principal Actuarial Assumptions</b>		
Discount Rate per annum	8.20%	8.70%
Expected rate of return on plan Assets	-	-
Salary Escalation rate per annum	10%	10%

Mortality	Latest compiled Table of LIC (1994-96)	Latest compiled Table of LIC (1994-96)
Employee Turnover rate (Corporate office)	15%	15%
Employee Turnover rate (Showroom)	20%	20%
Estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.		

# Notes

to the Financial Statements for the year ended 31 March 2013

## 30 NOTES TO ACCOUNTS (CONTD.)

### 30.3 Employee Benefits: (Contd.)

Experience Adjustments	Gratuity (funded)				
	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009
Present Value of Defined Benefit Obligation	425.81	424.30	333.36	243.85	179.99
Fair Value of Plan Assets	54.19	-	-	-	-
Funded Status [Surplus/(Deficit)]	(371.62)	(424.30)	(333.36)	(243.85)	(179.99)
Net Asset / (Liability)	(425.81)	(424.30)	(333.36)	(243.85)	(179.99)
Experience Adjustment Arising on:					
a. Plan Liabilities [Loss/(Gain)]	113.11	67.72	51.00	46.53	(23.49)
b. Plan Assets [Loss/(Gain)]	-	-	-	-	-

### Classification into current / non-current

(Currency: ₹ in Lakhs)

	Non - Current		Current	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
Gratuity	376.60	322.73	49.21	101.57
Total	376.60	322.73	49.21	101.57

The employer's best estimate, as soon as it can reasonably be determined, of contributions expected to be paid to the plan during the annual period beginning after the balance sheet date.

Compensated absence debited to statement of profit and loss during the period amounts to ₹ 147.88 Lakhs (31 March 2012: ₹ 93.40 Lakhs) under notes to financial statements 26 - 'Employee benefits.

Contribution to Provident fund and Employees State Insurance amounting to ₹ 104.29 Lakhs (31 March 2012: ₹ 103.61 Lakhs) under notes to financial statements 26 - 'Employee benefits is a Defined contribution plan.

### 30.4 Micro, Small and Medium Enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprise.

On the basis of the information and records available with management, the following disclosures are made for the amounts due to Micro, Small and Medium enterprises who have registered with the Competent authorities.

Particulars	31 March 2013	31 March 2012
Principal amount and interest due thereon remaining unpaid to any supplier as at the year end	-	-
Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting year	-	-

# Notes

to the Financial Statements for the year ended 31 March 2013

## 30 NOTES TO ACCOUNTS (CONTD.)

### 30.5 Operating lease obligations

The Company has recognized the rent expenses in the books of accounts on straight line basis. Rental expenses under operating leases (including cancelable and non – cancelable) aggregating ₹ 1,512.34 Lakhs (31 March 2012: ₹ 1,084.20 Lakhs) have been included under "Administrative and selling expenses- Rent" under the notes to financial statement 25 in the statement of Profit and loss.

The future minimum lease payments in respect of non-cancellable operating leases as at 31 March 2013 are as follows -

(Currency: ₹ in Lakhs)

Particulars	31 March 2013	31 March 2012
Amount due within one year from the balance sheet date	984.43	870.32
Amount due for the period after one year and before five years	3,446.14	2,454.07
Amount due for the period after five years	1,972.15	992.27
<b>TOTAL</b>	<b>6,402.72</b>	4,316.66

(Currency: ₹ in Lakhs)

Particulars	31 March 2013	31 March 2012
<b>30.6 Expenditure in foreign currency</b>		
Travelling	49.95	38.03
Royalty	36.58	-
Professional fee for advertisement	11.37	-
<b>TOTAL</b>	<b>97.90</b>	38.03

(Currency: ₹ in Lakhs)

Particulars	31 March 2013	31 March 2012
<b>30.7 Value of Imports calculated on CIF basis</b>		
Diamond Jewellery	-	450.01
Capital goods	-	84.05
Watches	495.83	-
Packing material	21.58	-
<b>TOTAL</b>	<b>517.41</b>	534.06

(Currency: ₹ in Lakhs)

Where of	Percentage		Value	
	2013	2012	2013	2012
<b>30.8 Details of imported and indigenous raw materials consumed during the financial year</b>				
Imported	0.00%	0.46%	-	450.01
Indigenously	100.00%	99.54%	156,373.22	96,738.99
<b>TOTAL</b>	<b>100%</b>	100%	<b>156,373.22</b>	97,189.00



# Notes

to the Financial Statements for the year ended 31 March 2013

## 30 NOTES TO ACCOUNTS (CONTD.)

**30.9** During the year, the Company has changed its business practice i.e. from outright purchase of gold from its vendors, the Company has now also started procuring gold on lease basis from banks.

**30.10** The management is of the opinion that the Company's domestic transactions are at an arms' length price so that aforesaid legislation will not have any impact on the financial statement, particularly on the tax expenses and that of provision for tax.

### 30.11 Disclosures as required by the Accounting Standard - 18 on "Related Party Disclosures" are given below:

Name of related parties	
Key Managerial Personnel	
1	Shrikant G Zaveri
2	Binaisha Zaveri
3	Raashi Zaveri
Relatives of key managerial personnel	
1	Bindu S Zaveri
2	Kamla G Zaveri
Entities over which Key Managerial personnel and/or their relatives exercise significant influence	
1	Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited
2	Tribhovandas Bhimji Zaveri (TBZ) Private Limited
3	Super Traditional Metal Crafts (Bombay) Private Limited
4	Tribhovandas Bhimji Zaveri Trading Co
5	Cupid Annibis Jewellery Private Limited
6	Shrikant G Zaveri (HUF)
7	T.B. Zaveri / A.B Zaveri (Family Benefit Trust)
Subsidiary	
1	Konfiaance Jewellery Private Limited.
2	Tribhovandas Bhimji Zaveri (Bombay) Limited

# Notes

to the Financial Statements for the year ended 31 March 2013

## 30 NOTES TO ACCOUNTS (CONTD.)

30.11 Disclosures as required by the Accounting Standard - 18 on "Related Party Disclosures" are given below: (Continued)

Transaction between the Company and related parties and the status of outstanding balances as at 31 March, 2013		(Currency: ₹ in Lakhs)						
Nature of transaction	Key Managerial Personnel		Entities over which Key Managerial personnel and/or their relatives exercise significant influence.				Subsidiaries	
	Shrikant Zaveri	Binaisha Zaveri	Raashi Zaveri	Tribhovandas Bhimji Zaveri (Mumbai) Private Limited	Tribhovandas Bhimji Zaveri (TBZ) Private Limited	Super Traditional Metal Crafts (Bombay) Private Limited	Cupid Annibis Jewellery Private Limited	Konfiaance Jewellery Private Limited
<b>Transaction for the year *</b>								
Commission to directors	100.00	-	-	-	-	-	-	-
Making and Melting charges	-	-	-	-	-	-	-	2,167.91
Interest paid	-	-	-	-	-	-	-	(1,442.80)
Remuneration paid	500.00	226.80	226.80	-	-	-	-	(3.16)
	(945.00)	(189.00)	(189.00)	-	-	-	-	-
Reimbursements on behalf of Konfiaance Jewellery Private Limited	-	-	-	-	-	-	-	0.40
Rent received	-	-	-	-	-	-	-	(0.07)
	-	-	-	-	-	-	-	108.00
Rent paid	156.74	-	-	-	-	-	-	(108.00)
	(144.00)	-	-	-	-	-	-	-
Loans taken (non interest bearing)	-	-	-	-	-	-	-	-
	(1,299.15)	(158.07)	(155.27)	-	-	-	-	-
Loan repaid (non interest bearing)	716.35	-	114.80	0.06	0.06	0.12	0.14	-
	(802.51)	(117.61)	(107.59)	(0.22)	(0.22)	(0.21)	(176.72)	-
Loan repaid (interest bearing)	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	(102.08)
<b>Closing balance *</b>								(295.69)
Loans payable	26.71	-	85.44	16.19	16.20	246.88	0.75	-
	(743.06)	-	(200.24)	(16.25)	(16.26)	(247.01)	(0.89)	-
Remuneration payable	129.16	15.12	15.12	-	-	-	-	-
	(462.27)	(53.85)	(53.85)	-	-	-	-	-
Deposit receivable	72.00	-	-	-	-	-	-	-
	(72.00)	-	-	-	-	-	-	-
Deposit payable	-	-	-	-	-	-	-	54.00
	-	-	-	-	-	-	-	(54.00)
Other receivable	-	-	-	-	-	-	-	2.56
	-	-	-	-	-	-	-	(2.16)
Trade payable	-	-	-	-	-	-	-	313.42
	-	-	-	-	-	-	-	(120.77)
Investment in subsidiary company	-	-	-	-	-	-	-	202.33
	-	-	-	-	-	-	-	(100.18)
Corporate guarantees given on behalf of the directors	-	-	-	-	-	-	-	-
	(1,000.00)	-	(400.00)	-	-	-	-	-
***Guarantees								
***Guarantees given by the directors, relatives and corporate guarantees of shareholders/Companies under the same management within the meaning of section 370(1B) given jointly upto ₹ Nil (2012: ₹ 1400 Laacs)								
* Amounts pertaining to year ended 31 March 2012 are in bracket.								

# Notes

to the Financial Statements for the year ended 31 March 2013

## 30 NOTES TO ACCOUNTS (CONTD.)

**30.12** Pursuant to the Accounting Standard (AS 29) – Provisions, Contingent Liabilities and Contingent Assets, the disclosure relating to provisions made in the accounts for the year ended 31 March 2013 is as follows:  
Provision for Sales promotion expenses

(Currency: ₹ in Lakhs)

Particulars	31 March 2013	31 March 2012
Opening Balance	210.00	75.00
Additions (net of utilisations)	260.00	135.00
Closing Balance	470.00	210.00

### 30.13 Initial Public Offering (IPO)

During the year pursuant to the approval of the shareholders of the Company in an Extra Ordinary General Meeting held on 5 January 2011, the Company has issued and allotted through Initial Public Offering (IPO) 16,666,667 equity shares of ₹ 10 each at a premium of ₹ 110 per share aggregating to a total of ₹ 20,000 Lakhs to all categories of investors. The issue was made in accordance with the terms of the Company's prospectus dated 30 April 2012 and the shares got listed on 9 May 2012 on BSE Limited and National Stock Exchange of India Limited. In accordance with "objects of issue" as stated in the prospectus of the Company, the status of utilisation upto 31 March 2013 of the amount raised through the said initial public offer is as follows:-

(Currency: ₹ in Lakhs)

Particulars	Utilisation planned as per prospectus	Utilisation of IPO proceeds as on 31 March, 2013	Balance amount to be utilised as on 31 March, 2013
To finance the establishment of new showrooms	1,919.40	1,919.40	-
To meet incremental working capital requirements	16,044.90	16,044.90	-
General corporate purposes and Issue related expenses	2,035.70	2,035.70	-
<b>TOTAL AMOUNT</b>	<b>20,000.00</b>	<b>20,000.00</b>	<b>-</b>

(Currency: ₹ in Lakhs)

Particulars	31 March 2013	31 March 2012
<b>30.14 Earning Per Share (EPS)</b>		
Profit after taxation (in Lakhs)	8,500.10	5,719.30
Weighted Average Number of Equity Shares	65,205,480	50,000,000
Add: effect of potential issues of options	45,751	95,950
Number of shares considered as weighted average shares and potential shares outstanding	65,251,231	50,095,950
Basic earnings Per Share (₹)	13.04	11.44
Diluted earnings Per Share (₹)	13.03	11.42

# Notes

to the Financial Statements for the year ended 31 March 2013

## 30 NOTES TO ACCOUNTS (CONTD.)

### 30.15 Segment Reporting

The Company is engaged in manufacturing/ trading and selling of jewellery which is the primary business segment based on the nature of products manufactured/traded and sold. Thus, the Company has only one reportable business which is manufacturing/trading and selling of jewellery and only one reportable geographical segment. Accordingly the segment information as required by Accounting Standard 17 on "Segment Reporting" is not required to be disclosed.

### 30.16 Previous year figures

Details of regrouping/reclassification for the previous year

(Currency: ₹ in Lakhs)

Particulars	Amount before reclassification	Adjustment	Amount after reclassification
<b>Long term loans and advances</b>			
- Security deposits	-	72.00	72.00
<b>Other long term liability</b>			
- Security deposits	646.36	(72.00)	574.36
<b>Employee benefit</b>			
Contribution to provident and other funds			
- Provident fund	61.77	8.32	70.09
- Other fund	105.94	(72.43)	33.51
Compensated absences	-	64.11	64.11
<b>Other expenses</b>			
Repairs and maintenance to others	162.12	7.01	169.13
Computer and software expenses	-	85.46	85.46
Repairs and maintenance others	92.47	(92.47)	-
Advertisement and sales promotion	3,313.32	253.69	3,567.01
Legal and professional charges	729.10	(258.70)	470.40
Royalty	-	5.01	5.01
Vehicle expenses	-	27.27	27.27
Security charges	-	106.97	106.97
Miscellaneous expenses	217.30	(134.24)	83.06
<b>TOTAL</b>	<b>4,682.02</b>	<b>-</b>	<b>4,682.02</b>

As per our attached report of even date attached

For **B S R and Co**  
Chartered Accountants  
Firm's Registration No: 128510W

**Vijay Mathur**  
Partner  
Membership No: 046476

Place : Mumbai  
Date : 28 May 2013

For and on behalf of the Board of Directors of  
**Tribhovandas Bhimji Zaveri Limited**

**Shrikant Zaveri**  
Chairman and Managing Director

**Raashi Zaveri**  
Director - Finance

**Niraj Oza**  
Company Secretary



Consolidated Financials

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# Independent Auditors' Report

To the Members of Tribhovandas Bhimji Zaveri Limited

## REPORT ON THE FINANCIAL STATEMENTS

1. We have audited the accompanying Consolidated financial statements of Tribhovandas Bhimji Zaveri Limited ('the Company' or 'the Parent Company'), and its subsidiaries Tribhovandas Bhimji Zaveri (Bombay) Limited and Konfiance Jewellery Private Limited (collectively referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31 March 2013 and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

## MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
3. The consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 on Consolidated Financial Statements, as prescribed by notified in the Companies (Accounting Standards) Rules, 2006

## AUDITOR'S RESPONSIBILITY

4. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures

selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## OPINION

7. Based on our audit as aforesaid, and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at 31 March 2013;
  - (b) in the case of the consolidated statement of profit and loss, of the profit of the Group for the year then ended; and
  - (c) in the case of the consolidated cash flow statement, of the cash flows of the Group for the year then ended.

## OTHER MATTER

8. We did not audit the financial statements and other financial information of Tribhovandas Bhimji Zaveri (Bombay) Limited. The financial statements of these subsidiaries for the year ended 31 March 2013 have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of the subsidiary is based solely on this report. The attached consolidated financial statements include assets of Rs 708.48 lakhs as at 31 March 2013, total revenue of Rs2,155.04 lakhs and net profit amounting to Rs137.52 lakhs in respect of the aforesaid subsidiary for the year then ended.

Mumbai  
28 May 2013

For **B S R and Co**  
Chartered Accountants  
Firm's Registration No: 128510W

**Vijay Mathur**  
Partner  
Membership No: 046476



# Consolidated Balance Sheet

as at 31 March 2013

(Currency: ₹ in Lakhs)

	Notes	31 March 2013	31 March 2012
<b>EQUITY AND LIABILITIES</b>			
<b>1) Shareholders' funds</b>			
(a) Share capital	3	6,666.67	5,000.00
(b) Reserves and surplus	4	34,322.29	10,995.27
		<b>40,988.96</b>	15,995.27
<b>2) Non-current liabilities</b>			
(a) Long-term borrowings	5	1,951.86	289.50
(b) Long-term provisions	6	653.80	415.74
		<b>2,605.66</b>	705.24
<b>3) Current liabilities</b>			
(a) Short-term borrowings	7	39,448.41	20,090.10
(b) Trade payables	8	16,940.34	8,639.28
(c) Other current liabilities	9	15,418.15	10,741.51
(d) Short-term provisions	10	2,668.18	2,167.66
		<b>74,475.08</b>	41,638.55
		<b>118,069.70</b>	58,339.06
<b>ASSETS</b>			
<b>1) Non-current assets</b>			
(a) Fixed assets	11		
i) Tangible assets		8,649.48	4,909.41
ii) Intangible assets		346.97	190.87
iii) Capital work-in-progress		164.14	70.65
		<b>9,160.59</b>	5,170.93
(b) Non-current investments	12	5.28	5.18
(c) Deferred tax assets (net)	13	561.84	364.48
(d) Long term loans and advances	14	1,083.90	914.08
		<b>1,651.02</b>	1,283.74
<b>2) Current assets</b>			
(a) Inventories	15	102,549.30	50,190.94
(b) Trade receivables	16	176.79	308.99
(c) Cash and bank balances	17	3,262.77	642.64
(d) Short-term loans and advances	18	1,269.23	309.94
(e) Other current assets	19	-	431.88
		<b>107,258.09</b>	51,884.39
		<b>118,069.70</b>	58,339.06
Summary of significant accounting policies	2		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **B S R and Co**  
Chartered Accountants  
Firm's Registration No: 128510W

**Vijay Mathur**  
Partner  
Membership No: 046476

Place : Mumbai  
Date : 28 May 2013

For and on behalf of the Board of Directors of  
**Tribhovandas Bhimji Zaveri Limited**

**Shrikant Zaveri**  
Chairman and Managing Director

**Raashi Zaveri**  
Director - Finance

**Niraj Oza**  
Company Secretary

# Consolidated Statement of Profit and Loss

for the year ended 31 March 2013

(Currency: ₹ in Lakhs)

	Notes	31 March 2013	31 March 2012
<b>INCOME</b>			
<b>Revenue from operations</b>			
Sale of product	20	164,942.24	138,039.32
Other operating revenue	20	891.53	507.67
		<b>165,833.77</b>	138,546.99
Other income	21	481.66	54.23
<b>Total revenue</b>		<b>166,315.43</b>	138,601.22
<b>EXPENSES</b>			
Cost of raw material and components consumed	22	155,928.79	95,747.19
Purchase of traded goods	23	26,290.82	24,886.65
Changes in inventories of finished goods and traded goods	24	(47,843.26)	(7,836.02)
Employee benefits	25	5,536.82	4,956.09
Other expenses	26	11,044.15	8,432.49
Depreciation and amortisation expenses	11	831.02	551.87
Finance costs	27	2,158.17	3,150.27
<b>TOTAL EXPENSES</b>		<b>153,946.51</b>	129,888.54
<b>Profit before tax</b>		<b>12,368.92</b>	8,712.68
<b>Less: Tax expense</b>			
- Current tax		4,287.00	3,151.10
- Deferred tax	13	(197.35)	(177.30)
- (Excess)/short provision pertaining to earlier years reversed		(165.81)	14.55
<b>TOTAL TAX EXPENSE</b>		<b>3,923.84</b>	2,988.35
<b>Profit for the year</b>		<b>8,445.08</b>	5,724.33
Earnings per equity share			
(Nominal value of share ₹ 10 (31 March 2012: ₹ 10))	29.12		
(1) Basic		12.95	11.45
(2) Diluted		12.94	11.43
Summary of significant accounting policies	2		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **B S R and Co**  
Chartered Accountants  
Firm's Registration No: 128510W

**Vijay Mathur**  
Partner  
Membership No: 046476

Place : Mumbai  
Date : 28 May 2013

For and on behalf of the Board of Directors of  
**Tribhovandas Bhimji Zaveri Limited**

**Shrikant Zaveri**  
Chairman and Managing Director

**Raashi Zaveri**  
Director - Finance

**Niraj Oza**  
Company Secretary

# Consolidated Cash Flow Statement

for the year ended 31 March 2013

(Currency: ₹ in Lakhs)

Particulars	31 March 2013	31 March 2012
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	12,368.92	8,712.68
Adjustments for:		
Depreciation and amortisation	831.02	551.87
Interest expenditure	2,158.17	3,150.27
Provision for bad debts	-	19.26
Employee stock options scheme (net)	(60.46)	29.75
Interest income on deposits	(223.92)	(32.17)
Interest income on income tax refund	(44.87)	(11.13)
Loss/(profit) on sales of fixed assets	11.90	(2.45)
Assets written off	1.37	40.34
Dividend income	(18.34)	-
Foreign exchange gain (net)	(0.04)	(4.41)
<b>Operating cash flow generated before working capital changes</b>	<b>15,023.75</b>	12,454.01
<b>Movements in working capital</b>		
Increase in current liabilities and provisions	4,005.17	3,785.83
Increase/(decrease) in trade payables	8,301.10	(2,265.87)
Increase in inventories	(52,358.36)	(7,646.49)
Increase in trade receivables	132.20	527.45
Increase in current assets and loans and advances	(775.90)	(126.13)
<b>Cash (utilised) / generated from operations</b>	<b>(25,672.04)</b>	6,728.80
Income taxes paid	(4,634.75)	(2,878.92)
<b>Net cash (utilised) / generated from operating activities (A)</b>	<b>(30,306.79)</b>	3,849.88
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(4,588.38)	(738.59)
Sale of fixed assets	1.78	49.57
Investment in fixed deposits	(1,833.50)	57.26
Purchase of investment in subsidiaries (net of cash acquired)	-	(4.27)
Dividend income	18.34	-
Investments in mutual funds	(0.10)	-
Interest income on deposits	223.92	32.17
Interest income on income tax refund	44.87	11.13
<b>Net cash utilised in investing activities (B)</b>	<b>(6133.07)</b>	(592.73)

(Currency: ₹ in Lakhs)

Particulars	31 March 2013	31 March 2012
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds / (repayment) from borrowings	21,020.65	(317.31)
Proceeds from IPO	20,000.00	-
Expenses incurred for raising IPO	(1,636.00)	-
Interest paid	(2,158.17)	(3,150.27)
<b>Net cash generated / (utilised) for financing activities (C)</b>	<b>37,226.48</b>	<b>(3,467.58)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>786.62</b>	<b>(210.43)</b>
<b>Cash and cash equivalent at beginning of year (refer note below)</b>	<b>325.89</b>	<b>536.32</b>
<b>Cash and cash equivalent at end of year (refer note below)</b>	<b>1,112.51</b>	<b>325.89</b>
<b>Notes:</b>		
1 Components of cash and cash equivalents:		
Cash on hand	438.51	52.48
Balances with banks		
- on current accounts	674.00	273.41
	<b>1,112.51</b>	<b>325.89</b>

- 2 The above cash flow statement has been prepared using indirect method set out in AS-3 Cash Flow Statements as prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in consultation with National Advisory Committee on Accounting Standards ('NACAS').

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **B S R and Co**  
Chartered Accountants  
Firm's Registration No: 128510W

**Vijay Mathur**  
Partner  
Membership No: 046476

Place : Mumbai  
Date : 28 May 2013

For and on behalf of the Board of Directors of  
**Tribhovandas Bhimji Zaveri Limited**

**Shrikant Zaveri**  
Chairman and Managing Director

**Raashi Zaveri**  
Director - Finance

**Niraj Oza**  
Company Secretary

# Consolidated Notes

to the Financial Statement for the year ended 31 March 2013

## 1 COMPANY OVERVIEW

Tribhovandas Bhimji Zaveri Limited ('TBZ or the "the Company') known under the brand 'TBZ- the Original' was incorporated on 24 July 2007 by conversion of a partnership firm Tribhovandas Bhimji Zaveri under Part IX of the Companies Act, 1956 whereby the partners of the partnership firm became shareholders with the shareholdings as agreed amongst the partners. The Company has been converted to a public limited company w.e.f. 3 December 2010. The Company is in the business of retail sales of ornaments made of gold, diamond, silver, platinum and other precious stones through its 25 show rooms located across India.

The Company successfully completed its Initial Public Offer during the year of ₹ 20,000 Lakhs by for fresh issue of 16,666,667 shares. The shares of face value of ₹ 10 each had a Price Band between ₹ 120 to ₹126 per share. The issue price was fixed at ₹ 120 per share. The shares got listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited on 9th May 2012.

## 2 SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation of financial statements

The consolidated Financial statement relate to Tribhovandas Bhimji Zaveri Limited ('TBZ or the "the Company'). The Company has two wholly owned subsidiaries namely "Konfiance Jewellery Private Limited" ("KJPL") and "Tribhovandas Bhimji Zaveri (Bombay) Limited" ("TBZBL").

The financial statements of Tribhovandas Bhimji Zaveri Limited and its subsidiaries ('the group') have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in consultation with the National Advisory Committee on Accounting Standards ('NACAS'), and the relevant provisions of the Companies Act, 1956, to the extent applicable.

### 2.2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Management believes the assumptions used in the estimates are prudent and reasonable. Any revision to accounting estimates is recognized prospectively in the current and future periods.

### 2.3 Current -non-current classification

All assets and liabilities are classified into current and non-current.

#### Assets

An asset is classified as current when it satisfy any of the following criteria :

- it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is held primarily for the purpose of being traded ;
- it is expected to be realised within 12 months after months after reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date .

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current

#### Liabilities

A liability is classified as current when it is satisfy any of the following criteria:

- it is expected to be settled in the Company's normal operating cycle
- it is held primarily for the purpose of being traded

# Consolidated Notes

to the Financial Statement for the year ended 31 March 2013

- c) it is due to be settled within 12 months after the reporting date; or
- d) the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instrument do not affect its classification

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current

## Operating Cycle :

An Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

## 2.4 Fixed assets and depreciation / amortisation

### Tangible assets

Tangible fixed assets are carried at cost of acquisition or construction less accumulated depreciation. The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price. Subsequent expenditures related to an item of tangible fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

"Depreciation on fixed assets other than leasehold improvements and computer software has been provided on the written down value, prorata to the period of use at the rates specified in schedule XIV of the Companies Act, 1956, which reflect the management's best estimate of the economic useful life of the assets. Leasehold improvements are amortised over shorter of, the period of lease or useful life. Computer software is capitalised and amortised over a period of five years. Freehold land is not depreciated.

Assets individually costing up to ₹ 5,000 are fully depreciated in the year of purchase."

Depreciation for the year is recognised in the statement of profit and loss. The useful lives are reviewed by the management at each financial year-end and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the revised remaining useful life.

### Intangible assets

Goodwill that arises on an amalgamation or on the acquisition of a business is presented as an intangible asset.

Goodwill arising from amalgamation is measured at cost less accumulated amortisation and any accumulated impairment loss. Such goodwill is amortised over its estimated useful life or five years whichever is shorter.

Goodwill arising on acquisition of a business is measured at cost less any accumulated impairment loss.

Goodwill is tested for impairment annually.

Intangible assets are recognised only when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of such assets can be measured reliably. Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any. All costs relating to the acquisition are capitalised.

Intangible assets are amortised in statement of profit or loss over their estimated useful lives, from the date that they are available for use based on the expected pattern of consumption of economic benefits of the asset. Accordingly, at present, these are being amortised on straight line basis. In accordance with the applicable Accounting Standard, the Company follows a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. However, if there is persuasive evidence that the useful life of an intangible asset is longer than ten years, it is amortised over the best estimate of its useful life.



# Consolidated Notes

to the Financial Statement for the year ended 31 March 2013

Such intangible assets and intangible assets that are not yet available for use are tested annually for impairment.

Amortisation method and useful lives are reviewed at each reporting date. If the useful life of an asset is estimated to be significantly different from previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern.

## 2.5 Impairment of assets

Goodwill, intangible assets which are amortised over a period exceeding ten years and intangible assets which are not yet available for use are tested for impairment annually. Other Fixed assets (tangible and intangible) are reviewed at each reporting date to determine if there is any indication of impairment. For assets in respect of which any such indication exists and for intangible assets mandatorily tested annually for impairment, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets (cash generating unit or CGU) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its net selling price. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognised in statement of profit or loss. However, an impairment loss on a revalued asset is recognised directly against any revaluation surplus to the extent that the impairment loss does not exceed the amount held in the revaluation surplus for that same asset.

Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists or has decreased, the assets or CGU's recoverable amount is estimated. For assets other than goodwill, the impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such a reversal is recognised in the Statement of Profit and Loss.

## 2.6 Goodwill / Capital Reserve

Goodwill/Capital Reserve represents the excess/short cost of investment in Subsidiaries over the Company's portion of equity of the subsidiary at the date on which investment is made. Goodwill is amortised over a period of three years and tested for impairment, annually or more frequently if events or changes in circumstances indicate that its carrying value may be impaired. Any impairment loss is recognised immediately in the statement of profit and loss and is not subsequently reversed.

## 2.7 Investments

Long term investments are carried at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary.

## 2.8 Inventories

Inventories are stated at lower of cost and net realizable value. Cost is determined as follows:

- i) in case of gold, loose diamond, silver, zaverat, platinum and platinum diamond jewellery and packing material at weighted average costs; and
- ii) in case of diamond jewellery, jadau jewellery, stones, pearls and watches, at specific cost.
- iii) in case of watches, model wise weighted average cost.

# Consolidated Notes

to the Financial Statement for the year ended 31 March 2013

- iv) Cost of consumables are computed on First-in-first-out basis.
- v) in case of packing material at weighted average cost -The Company has changed its accounting policy related to packing material, where the same has been inventorised and expensed based on actual consumption of the packing material. If the Company had continued to follow the earlier accounting policy of expensing out the packing material upfront, the profit for the year and inventory would have been lower by ₹ 43.69 Lakhs.

Cost comprises all cost of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

Cost of finished goods include costs of raw material, direct labour and other directly attributable expenses incurred in bringing such goods to their present location and condition. In the case of diamond jewellery the cost of finished goods include cost of raw material i.e. gold, direct labour, other directly attributable expenses incurred in bringing such goods to their present location and condition and cost of diamonds forming part of the jewellery as determined by management based on technical estimate of the purity and clarity of diamonds used, on which the auditors have placed reliance, as this being a technical matter.

Raw materials held for the use in manufacturing of inventories are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

## 2.9 Revenue recognition

"Revenue from sale of goods in the course of ordinary activities is recognised when property in the goods or all significant risks and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding the collection. (net of sales tax, sales return, and trade discounts)"

Interest income is recognized on a time proportion basis.

Dividend income is recognised when the right to receive payment is established.

## 2.10 Foreign Exchange Transactions

Foreign exchange transactions are recorded at the exchange rates prevailing on the dates of the transactions. Exchange differences arising on foreign currency transactions settled during the year are recognized in the statement of profit and loss of that period.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the closing exchange rates. The resultant exchange differences are recognized in the statement of profit and loss.

## 2.11 Employee benefits

### Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

### Post-employment benefits

#### Defined contribution plans

Provident fund and Employees State Insurance

The Group makes regular contributions to the Provident Fund and Employees State Insurance at the prescribed rates. Provident fund and Employee State Insurance dues are recognized when the liability to contribute to the provident fund and employees state insurance arises under the respective Acts.

### Defined benefit plans

#### Gratuity

The Company's gratuity benefit scheme is an funded defined contribution plan. The Company's obligation in respect of gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for

# Consolidated Notes

to the Financial Statement for the year ended 31 March 2013

their service in the current and prior periods and discounting that benefit to determine its present value. The present value is determined based on actuarial valuation at the balance sheet date using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the balance sheet date. Actuarial gains and losses are recognized immediately in the statement of profit and loss. The Company contribute towards ascertained liabilities to the Tribhovandas Bhimji Zaveri Limited Employees Gratuity Trust, trustee administered contributions made to the trust and contribution are invested in a scheme with Life Insurance Corporation of India and HDFC Standard Life Insurance Company Limited as permitted by law. The company recognize the net obligation of the Gratuity plan in the balance sheet as an assets or liability, respectively in accordance with Accounting standards (AS) 15, 'Employee Benefits'. The Company's over all expected long term rate of return on assets has been determined based on consideration of available market information, Current provision of Indian law, specifying the instrument in which investment can be made, and historical returns. The discount rate is based on the government securities yield. Actuarial gains and losses arising from experience adjustment and changes in actuarial assumption are recognized in the consolidated statement of profit and loss in the period in which they arise.

## Compensated Absences

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave. The undiscounted amount of short-

term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period.

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date determined on the basis of an actuarial valuation by an independent actuary using the projected unit credit method. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the balance sheet date. Actuarial gains and losses are recognized immediately in the statement of profit and loss.

## 2.12 Employees Stock Option Scheme

The excess of the Intrinsic value of shares, at the date of grant of options under the Employee Stock Option Schemes of the Company, over the exercise price is regarded as employee consideration, and recognised on a straight-line basis over the period over which the employees would become unconditionally entitled to apply for the shares.

## 2.13 Leases

Lease rentals in respect of assets acquired under operating lease are charged to the statement profit and loss on straight line basis.

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expenses in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.

# Consolidated Notes

to the Financial Statement for the year ended 31 March 2013

## 2.14 Income taxes

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). Income-tax expense is recognised in statement of profit or loss except that tax expense related to items recognised directly in reserves is also recognised in those reserves.

Current tax is measured the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets

are recognised only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised

## 2.15 Earnings per share (EPS)

Basic EPS is computed using the weighted average number of equity shares outstanding during the year. Diluted EPS is computed using the weighted average number of equity and potential equity shares outstanding during the year except where the results would be anti-dilutive.

## 2.16 Provision and contingent liabilities

The Group creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may or may not require an outflow of resources. 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.

# Consolidated Notes

to the Financial Statement for the year ended 31 March 2013

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>3 SHARE CAPITAL</b>		
<b>Authorised Shares</b>		
75,000,000 (31 March 2012: 75,000,000) equity shares of ₹ 10 each	7,500.00	7,500.00
Increased during the year	-	-
Closing balance of equity shares	<b>7,500.00</b>	7,500.00
<b>Issued, subscribed and fully paid up</b>		
50,000,000 (31 March 2012: 50,000,000) equity shares of ₹ 10 each	5,000.00	5,000.00
Add: 16,666,667 equity shares of ₹ 10 each raised towards IPO issue	1,666.67	-
<b>Total issued, subscribed and fully paid up share capital</b>	<b>6,666.67</b>	<b>5,000.00</b>

Note :

**a Shares reserved for issue under options**

For details of shares reserved for issue under the employee stock option (ESOP) plan of the company, please refer note 29.5.

**b Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

Equity shares	31 March 2013		31 March 2012	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	50,000,000	5,000.00	50,000,000	5,000.00
Raised during the year- IPO	16,666,667	1,666.67	-	-
<b>Outstanding at the end of the year</b>	<b>66,666,667</b>	<b>6,666.67</b>	<b>50,000,000</b>	<b>5,000.00</b>

**c Aggregate number of bonus shares issued, share issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:**

	31 March 2013		31 March 2012	
Equity shares allotted as fully paid bonus shares by capitalization of security premium	48,800,000	4,880.00	48,800,000	4,880.00
Equity shares allotted as fully paid-up pursuant to contracts for consideration other than cash.	-	-	-	-
Equity shares bought back by the company	-	-	-	-

**d Details of shareholders holding more than 5% shares in the company**

	% holding in class	No. of Shares	% holding in class	No. of Shares
Equity shares of ₹ 10 each fully paid				
Shrikant Zaveri	50.09%	33,392,275.00	66.78%	33,392,275.00
Binaisha Zaveri	7.93%	5,285,000.00	10.57%	5,285,000.00
Raashi Zaveri	6.86%	4,572,500.00	9.15%	4,572,500.00
Bindu Zaveri	5.25%	3,500,000.00	7.00%	3,500,000.00

# Consolidated Notes

to the Financial Statement for the year ended 31 March 2013

## e Terms / rights attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

Failure to pay any amount called up on shares may lead to forfeiture of the shares.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

(Currency: ₹ in Lakhs)		
	31 March 2013	31 March 2012
<b>4 RESERVES AND SURPLUS</b>		
<b>i) Securities premium account</b>		
At the commencement of the year -	-	-
Add: amounts raised towards the public issue	18,333.33	-
Less: expenses incurred for raising IPO	(1,636.00)	-
<b>Closing balance</b>	<b>16,697.33</b>	-
<b>ii) Employee stock options outstanding account*</b>		
At the commencement of the year	132.29	102.55
Add: employee compensation expenses for the year	15.83	29.74
Less: reduction of employee compensation expenses for the year	(76.29)	-
<b>Closing balance</b>	<b>71.83</b>	132.29
<b>iii) Capital reserves</b>		
At the commencement of the year	36.96	-
Add: Capital reserves on consolidation of subsidiary company	-	36.96
<b>Closing balance</b>	<b>36.96</b>	36.96
<b>iv) Surplus in profit and loss</b>		
At the commencement of the year	10,826.02	5,595.32
Profit for the year	8,445.08	5,724.33
Add: excess provision of tax pertaining to earlier years	-	87.97
Less: Appropriations		
- Transfer to general reserves	(850.01)	-
- Share of minority interest	-	(0.49)
- Proposed equity dividend	(1,500.00)	(500.00)
[amount ₹ 22.50 per share (31 March 2012: ₹ 0.75 per share)]		-
- Tax on proposed equity dividend	(254.92)	(81.11)
<b>Net surplus in the statement of profit and loss</b>	<b>16,666.17</b>	10,826.02
<b>v) General reserves</b>		
At the commencement of the year	-	-
Add: Transfer from statement of profit and loss	850.01	-
<b>Closing balance</b>	<b>850.01</b>	-
<b>Total reserves and surplus</b>	<b>34,322.29</b>	10,995.27

\* Created consequent to accounting of Employee Stock Option Plan issued to the Company's employees following the Guidance Note on Accounting for Employee Share based payments.



# Consolidated Notes

to the Financial Statement for the year ended 31 March 2013

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>5 LONG TERM BORROWINGS</b>		
- Secured		
Term loans		
from banks		
- HDFC Bank Limited term loan *	128.93	223.42
- ICICI Bank Limited term loan **	1,820.00	-
- Dena Bank Term Loan ***	-	22.47
- State Bank of India vehicle loan ****	-	9.53
- HDFC Bank Limited vehicle loan *****	2.01	14.22
from financial institutions		
-BMW Financial Services * * * * *	0.92	19.86
	<b>1,951.86</b>	<b>289.50</b>
<b>Amount disclosed under the head other current liabilities (refer note 9)</b>		
- HDFC Bank Limited term loan	94.49	85.11
- ICICI Bank Limited term loan	390.00	-
- State Bank of India term loan	-	260.24
- Dena Bank Term Loan	22.48	21.34
- State Bank of India vehicle loan	9.33	1.95
- HDFC Bank Limited vehicle loan	12.21	11.04
- BMW Financial Services	18.94	21.26
	<b>547.45</b>	<b>400.94</b>

\*The term loan from bank carries interest @ 12.85% p.a. The loan is repayable in 60 monthly installments of ₹ 6.91 Lakhs each alongwith interest, from the date of loan, viz., 7 May 2010. The loan is secured by hypothecation of exclusive charge on the properties situated at Punjugutta (Hyderabad) of the Company. Further, the loan has been guaranteed by the personal guarantee of the managing director of the Company.

\*\*The term loan from bank carries interest @ 13.15% p.a. The loan is repayable in 72 monthly installments of ₹ 32.50 Lakhs each and additional interest, from the date of loan, viz., 31 December 2012. The loan is secured by hypothecation of exclusive charge on the property purchase of new premises at 11th Floor, Tulsiani Chambers, Nariman Point, Mumbai - 400021.

\*\*\*The term loan from bank carries interest @ 14.75% p.a. The loan is repayable in 78 equal monthly installments of ₹ 2.20 Lakhs starting after 6 months of disbursement of loan. The loan is secured by way of registered mortgage of premises and furniture and fixtures to be acquired. Further, the loan has been guaranteed by the personal guarantee of the managing director of the Company.

\*\*\*\*The vehicle loan from State Bank of India carries interest @ 10.95% p.a. The loan is repayable in 60 monthly installments of ₹ 0.26 Lakh each alongwith interest, from the date of loan, viz., 20 December 2012. The loan is secured by hypothecation of vehicle.

\*\*\*\*\*The vehicle loan from HDFC bank carries interest @ 10.75% p.a and 9.75% p.a. The loan is repayable in 36 monthly installments of ₹ 0.79 Lakh and ₹ 0.29 Lakh respectively each alongwith interest, from the date of loan, viz., 7 April 2011 and 7 November 2011 respectively. The loan is secured by hypothecation of vehicle.

\*\*\*\*\*The vehicle loan from BMW Financial services bank carries interest @ 10.75% p.a and 8.69% p.a. The loan is repayable in 36 monthly installments of ₹ 1.10 Lakhs and ₹ 0.93 Lakh respectively each alongwith interest, from the date of loan, viz., 16 January 2011 and 1 June 2011 respectively. The loan is secured by hypothecation of vehicle.

# Consolidated Notes

to the Financial Statement for the year ended 31 March 2013

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>6 LONG TERM PROVISIONS</b>		
<b>Provision for employee benefits</b>		
- Provision for gratuity (refer note 29.7)	420.07	345.61
- Provision for compensated absences	233.73	70.13
	<b>653.80</b>	<b>415.74</b>

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>7 SHORT TERM BORROWINGS</b>		
<b>i) Secured Loan</b>		
<b>(a) Loans repayable on demand</b>		
- Working capital demand loan*	3,500.00	4,000.00
- Cash Credit from banks**	8,993.23	14,866.41
	<b>12,493.23</b>	<b>18,866.41</b>
<b>(b) Others</b>		
- ICICI Bank Limited***	3,772.32	-
- The Bank of Nova Scotia****	21,897.40	-
- HDFC Bank Limited*****	893.29	-
	<b>26,563.01</b>	<b>-</b>
<b>ii) Unsecured Loan</b>		
<b>Loans repayable on demand</b>		
- From directors (refer note 29.14)	112.15	943.30
- From associates (refer note 29.14)	280.02	280.40
	<b>392.17</b>	<b>1,223.69</b>
	<b>39,448.41</b>	<b>20,090.10</b>

\*The loan is repayable on demand and bullet repayment on maturity date and interest carries @ 12% p.a. The loan is secured by hypothecation of exclusive charge on the raw materials, finished goods, receivables, entire fixed assets of the company, and other current assets located at Zaveri Bazar, and Santacruz showroom. Further, the loan has been guaranteed by the personal guarantee of the directors of the Company, which has been release during the year.

\*\*The Company has formed a consortium with State Bank of India as the lead banker. The cash credit from State Bank of India carries interest @ 10.20% p.a. The loan is repayable on demand from the date of loan, viz., 22 March 2011. The loan is secured by hypothecation of exclusive charge on raw materials, finished goods, receivables, entire fixed assets of the Company, and other current assets located at Zaveri Bazar alongwith collateral security of Zaveri Bazar, and Surat property and Charkop factory, and fixed deposits of ₹ 300.00 Lakhs. Further, the loan has been guaranteed by the personal guarantee of the directors of the Company, which has been release during the year.

\*\*\*The Company has formed a consortium with State Bank of India as the lead banker. The cash credit from HDFC Bank carries interest @ 12.80% p.a. The loan is repayable on demand from the date of loan, viz., 1 March 2011. The loan is secured by hypothecation of exclusive charge on raw materials, finished goods, receivables, entire fixed assets of the Company, and other current assets located at Zaveri Bazar, and Santacruz showroom. Further, the loan has been guaranteed by the personal guarantee of the directors of the Company, which has been release during the year.

\*\*\*\*The Company has formed a consortium with State Bank of India as the lead banker. The cash credit from Union Bank of India carries interest @ 12.25% p.a. The loan is repayable on demand from the date of loan, viz., 1 October 2012. The cash credit is secured by hypothecation of first pari passu charge on the current assets of the Company alongwith other working capital lenders and first pari passu charge upon the immovable property of the Company at Zaveri Bazar as collateral security.

\*\*\*\*\*The Company has formed a consortium with State Bank of India as the lead banker. The cash credit from ICICI Bank Limited carries interest @ 12.35% p.a. The loan is repayable on demand from the date of loan, viz., 27 March 2012. The cash credit is secured by hypothecation of first pari passu charge over the Company's stocks of raw material, Work in progress, finished goods and receivables and entire current assets with the participatory banks and first pari passu charge upon the immovable property of the Company at Zaveri Bazar with the participatory banks.

# Consolidated Notes

to the Financial Statement for the year ended 31 March 2013

\*\*\*The gold on loan from ICICI Bank Limited carries interest @ 4.5% p.a. The loan is repayable within 180 days from the date of disbursement. The gold on loan is sub limit of cash credit facility taken.

\*\*\*The gold on loan from The Bank of Nova Scotia carries interest @ 3% p.a. The loan is repayable within 180 days from the date of disbursement. The gold on loan is secured by Stand by Letter of Credit (SBLC) amounting to 110% of the outstanding value.

\*\*\*\*The gold on loan from HDFC Bank Limited carries interest @ 3% p.a. The loan is repayable within 180 days from the date of disbursement. The gold on loan is secured by Stand by Letter of Credit (SBLC) amounting to 110% of the outstanding value.

		(Currency: ₹ in Lakhs)	
		31 March 2013	31 March 2012
<b>8</b>	<b>TRADE PAYABLES</b>		
	Due to		
	- Micro, Small and Medium Enterprises (refer note 29.6)	-	-
	other than Micro, Small and Medium Enterprises		
	- due to others	16,940.34	8,639.28
		<b>16,940.34</b>	<b>8,639.28</b>

		(Currency: ₹ in Lakhs)	
		31 March 2013	31 March 2012
<b>9</b>	<b>OTHER CURRENT LIABILITIES</b>		
	Current maturities of long term borrowings (refer note 5)	547.45	400.94
	Interest accrued but not due on borrowings	105.07	52.97
	Share application money due for refund*	1.37	-
	Amount liable to be deposited in Investor Education and Protection Fund but not yet due for deposit		
	- Unpaid dividend	0.13	-
	<b>Other payables</b>		
	- Advance from customers	11,858.50	8,185.01
	- Statutory liabilities	386.31	406.28
	- Capital creditors	131.75	0.29
	- Provision for sales and distribution expenses (refer note 29.15)	470.00	210.00
	- Provision for expenses	1,002.87	453.94
	- Provision for personnel expenses	799.08	974.12
	- Provision for capital expenditure	115.62	57.96
		<b>15,418.15</b>	<b>10,741.51</b>

\*During May 2012, the Company had received application money for allotment of equity shares via Initial Public Offer (IPO). However, due to over subscription the application money became due for refund. There is no interest payable on share application money.

		(Currency: ₹ in Lakhs)	
		31 March 2013	31 March 2012
<b>10</b>	<b>SHORT TERM PROVISIONS</b>		
	<b>Provision for employee benefits</b>		
	- Provision for gratuity (refer note 29.7)	49.22	109.15
	- Provision for compensated absences	193.79	214.92
	<b>Others</b>		
	- Proposed equity dividend	1,500.00	500.00
	- Dividend distribution tax on proposed dividend	254.92	81.11
	- Provision for wealth tax	1.96	2.22
	- Provision for taxation (net of advance tax)	668.29	1,260.26
		<b>2,668.18</b>	<b>2,167.66</b>

# Consolidated Notes

to the Financial Statement for the year ended 31 March 2013

## 11 FIXED ASSETS

11 FIXED ASSETS										(Currency: ₹ in Lakhs)
Description of assets	Gross block			Depreciation / Amortisation			Net block			
	As at 1 April 2012	Additions during the period	Deletion adjustment during the period	As at 31 March 2013	As at 1 April 2012	For 1 April 2012 to 31 March 2013	Impairment of goodwill	Deletion/ adjustment during the period	As at 31 March 2013	As at 31 March 2012
Tangible assets										
Land owned	1,443.72	-	-	1,443.72	-	-	-	-	1,443.72	1,443.72
	(1,443.72)	-	-	(1,443.72)	-	-	-	-	(1,443.72)	(1,443.72)
Buildings - factory	2,070.21	2,766.68	-	4,836.89	331.17	218.27	-	-	549.44	1,739.04
	(1,971.66)	(98.55)	-	(2,070.21)	(209.41)	(121.76)	-	-	(331.17)	(1,739.04)
Lease hold improvements	441.49	800.31	-	1,241.80	158.94	87.46	-	-	246.40	282.55
	(424.22)	(56.89)	(39.62)	(441.49)	(123.16)	(51.16)	-	(15.38)	(158.94)	(301.06)
Plant and equipment	955.92	448.80	10.59	1,394.13	291.01	120.80	-	9.25	402.56	664.91
	(713.09)	(251.79)	(8.96)	(955.92)	(205.78)	(89.94)	-	(4.71)	(291.01)	(507.31)
Furniture and fixtures	880.50	412.95	-	1,293.45	417.07	185.66	-	-	602.73	463.43
	(900.67)	(65.72)	(85.89)	(880.51)	(357.96)	(103.23)	-	(44.12)	(417.07)	(542.71)
Vehicles	294.31	-	24.19	270.12	133.24	40.99	-	11.19	163.04	161.07
	(277.75)	(67.20)	(50.64)	(294.31)	(118.29)	(49.03)	-	(34.08)	(133.24)	(159.46)
Computers	365.51	49.95	3.24	412.22	210.82	70.39	-	2.53	278.68	154.69
	(249.01)	(119.72)	(3.22)	(365.51)	(135.32)	(78.07)	-	(2.57)	(210.82)	(113.69)
Sub Total	6,451.66	4,478.69	38.02	10,892.33	1,542.25	723.57	-	22.97	2,242.85	4,909.41
	(5,980.12)	(659.87)	(188.33)	(6,451.68)	(1,149.92)	(493.19)	-	(100.86)	(1,542.25)	(4,830.21)
Intangible assets										
Computer software	294.61	263.55	-	558.16	103.74	107.45	-	-	211.19	190.87
	(286.54)	(8.07)	-	(294.61)	(45.15)	(58.59)	-	-	(103.74)	(241.39)
Goodwill	43.59	-	-	43.59	43.59	-	-	-	43.59	-0.00
	(43.50)	(0.09)	-	(43.59)	(43.50)	-	(0.09)	-	(43.59)	0.00
Sub Total	338.20	263.55	-	601.75	147.33	107.45	-	-	254.78	190.87
	(330.04)	(8.16)	-	(338.20)	(88.65)	(58.59)	(0.09)	-	(147.33)	(241.39)
Capital work in progress										
Capital work in progress	70.65	164.14	70.65	164.14	-	-	-	-	164.14	70.65
	-	(70.65)	-	(70.65)	-	-	-	-	(70.65)	-
Sub Total	70.65	164.14	70.65	164.14	-	-	-	-	164.14	70.65
	-	(70.65)	-	(70.65)	-	-	-	-	(70.65)	-
TOTAL	6,860.51	4,906.38	108.67	11,658.22	1,689.58	831.02	-	22.97	2,497.63	5,170.93
	(6,310.16)	(738.68)	(188.33)	(6,860.51)	(1,238.57)	(551.78)	(0.09)	(100.86)	(1,689.58)	(5,071.60)

# Consolidated Notes

to the Financial Statement for the year ended 31 March 2013

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>12 NON CURRENT INVESTMENTS</b>		
<b>Trade Investments:</b>		
- Investments in equity instruments (Quoted)		
17,300 (31 March 2012: 17,300) equity shares of ₹ 10 each, fully paid up of Dena Bank *	5.06	5.06
- Investments in equity instruments (Unquoted)		
1,150 (31 March 2012: 1,150) equity shares of ₹ 10 each, fully paid up of Saraswat Co-operative Bank Limited **	0.12	0.12
<b>Other Investments:</b>		
- Investments in equity instruments (Quoted)		
SBI Mutual Fund Magnum Insta Cash Fund	0.10	-
6,249 (31 March 2012: Nil) units of ₹ 1675.03 each	5.28	5.18
* Aggregate amount of quoted investment (Market Value ₹ 15.57 Lakhs, 31 March 2012: ₹ 18.04 Lakhs)	5.06	5.06
** Aggregate amount of quoted investment (Market Value ₹ 0.11 Lakh, 31 March 2012: ₹ Nil)	0.10	-

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>13 DEFERRED TAX ASSETS (NET)</b>		
<b>Arising on account of timing difference in</b>		
<b>Deferred tax liability</b>		
- Impact of difference between tax depreciation and depreciation charged for the financial reporting period	(109.08)	(100.08)
<b>Gross deferred tax liability</b>	<b>(109.08)</b>	<b>(100.08)</b>
<b>Deferred tax assets</b>		
- Provision for employee benefits	368.04	303.68
- Provision for sales promotion	153.67	69.30
- Provision for commission to directors	32.45	-
- Provision for doubtful debts	18.09	18.09
- Provision for lease rent equalisation	98.67	73.49
<b>Gross deferred tax assets</b>	<b>670.92</b>	<b>464.56</b>
<b>Net deferred tax assets</b>	<b>561.84</b>	<b>364.48</b>
<b>Net changes in deferred tax assets</b>	<b>197.35</b>	<b>177.30</b>

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>14 LONG TERM LOANS AND ADVANCES</b>		
<b>To parties other than related parties</b>		
- Security deposits (refer note 29.14) (Unsecured, considered good)	822.43	648.52
- Capital advances (Unsecured, considered good)	174.93	112.68
- Other loans and advances		
Advance tax (net of provision for taxation)	86.54	152.88
	<b>1,083.90</b>	<b>914.08</b>

# Consolidated Notes

to the Financial Statement for the year ended 31 March 2013

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>15 INVENTORIES</b>		
<b>(Valued at the lower of cost and net realisable value)</b>		
Raw material	9,666.24	5,195.58
Finished goods and traded goods	92,837.93	44,994.67
Packing material	43.69	-
Consumables	1.44	0.69
	<b>102,549.30</b>	<b>50,190.94</b>

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>16 TRADE RECEIVABLES</b>		
<b>(Unsecured, considered good unless stated otherwise)</b>		
Outstanding for a period exceeding six months from the date they are due for payment		
- Unsecured, considered good	1.26	13.12
- Doubtful	53.75	53.75
	<b>55.01</b>	<b>66.86</b>
Less: Provision for doubtful receivables	(53.75)	(53.75)
Other receivables		
- Unsecured, considered good *	175.53	295.87
	<b>176.79</b>	<b>308.99</b>

\* Includes receivable from credit card companies amounting to ₹ 148.25 lacs (31 March 2012: ₹ 66.57 lacs)

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>17 CASH AND BANK BALANCES</b>		
<b>Cash and cash equivalents</b>		
Cash on hand	438.51	52.48
Balances with banks		
- on current accounts	674.00	273.41
<b>Other bank balances</b>		
- deposits with original maturity for more than 3 months but less than 12 months*	2,150.26	316.75
	<b>3,262.77</b>	<b>642.64</b>

\* Deposits with a carrying amount of ₹ 28.13 Lakhs (31 March 2012: ₹ Nil) are towards Bank Gurantee given to Bombay Stock Exchange Limited (BSE).

\* Deposits with a carrying amount of ₹ 35.83 Lakhs (31 March 2012: ₹ Nil) are lienied with West Bengal VAT authorities as deposits.

\* Deposits with a carrying amount of ₹ 343.14 Lakhs (31 March 2012: ₹ 300.00 Lakhs) are subject to first charge to secure the Company's cash credit loans.

\* Deposits with a carrying amount of ₹ 1,743.15 Lakhs (31 March 2012: ₹ Nil) are subject to first charge to secure gold loan facility availed from bank.



# Consolidated Notes

to the Financial Statement for the year ended 31 March 2013

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>17 CASH AND BANK BALANCES (CONTD.)</b>		
<b>Details of bank balances/deposits</b>		
Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	-	-
Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	2,150.26	316.75
Bank deposits due to mature after 12 months of the reporting date included under 'Other noncurrent assets'	-	-
	<b>2,150.26</b>	<b>316.75</b>

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>18 SHORT TERM LOANS AND ADVANCES</b>		
<b>Others</b>		
(Unsecured, considered good)		
- Advance tax (net of provision for taxation)	-	12.34
- Advance to suppliers	560.84	151.98
- Advances to employees and others	26.60	20.45
- Prepaid expenses	256.32	83.54
- Balance with government authorities	222.47	41.63
- Security deposits	203.00	-
	<b>1,269.23</b>	<b>309.94</b>

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>19 OTHER CURRENT ASSETS</b>		
<b>(Unsecured, considered good)</b>		
IPO expenses carried forward to be adjusted against securities premium	-	431.88
	<b>-</b>	<b>431.88</b>

# Consolidated Notes

to the Financial Statement for the year ended 31 March 2013

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>20 REVENUE FROM OPERATIONS</b>		
<b>i) Sale of products</b>		
- Finished goods		
- Gold	110,378.26	83,512.19
- Diamond	28,864.44	26,301.68
- Others	1,073.75	-
<b>Total finished goods</b>	<b>140,316.45</b>	109,813.87
- Traded goods		
- Gold	13,804.88	16,664.33
- Diamond	9,676.20	8,771.64
- Others	1,144.71	2,789.48
<b>Total traded goods</b>	<b>24,625.79</b>	28,225.45
<b>ii) Other operating revenue</b>		
Indirect tax credit availed	891.53	507.67
<b>Revenue from operations (net)</b>	<b>165,833.77</b>	138,546.99

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>21 OTHER INCOME</b>		
<b>Interest income on</b>		
- Bank deposits	223.92	32.17
- Income tax refund	44.87	11.13
- Loan to related party	-	0.09
Net gain on sale of fixed assets	-	2.45
Foreign exchange gain (net)	0.04	4.41
Net gain on settlement	98.84	-
Reversal on employee stock options scheme (refer note 29.5)	76.29	-
Dividend income	18.34	0.47
Liabilities no longer required written back	19.36	3.51
	<b>481.66</b>	54.23

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>22 COST OF RAW MATERIAL AND COMPONENTS CONSUMED</b>		
Inventory at the beginning of the year	5,195.58	5,385.18
Add: Purchases	160,399.45	95,557.59
	<b>165,595.02</b>	100,942.77
Less: Inventory at the end of the year	(9,666.24)	(5,195.58)
<b>Cost of raw material and components consumed</b>	<b>155,928.79</b>	95,747.19
<b>Details of raw material and components consumed</b>		
- Gold	126,671.93	80,958.79
- Diamond	27,827.96	14,180.60
- Others	1,428.90	607.80
	<b>155,928.79</b>	95,747.19

# Consolidated Notes

to the Financial Statement for the year ended 31 March 2013

## 22 COST OF RAW MATERIAL AND COMPONENTS CONSUMED (CONTD.)

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>Details of inventory</b>		
<b>Raw material and components</b>		
- Gold	4,405.36	2,671.69
- Diamond	5,260.88	2,523.89
	<b>9,666.24</b>	5,195.58

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>23 PURCHASE OF TRADED GOODS</b>		
- Gold	7,179.06	14,316.72
- Diamond	17,637.38	9,664.79
- Others	1,474.38	905.14
	<b>26,290.82</b>	24,886.65

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>24 CHANGES IN INVENTORIES OF FINISHED GOODS AND TRADED GOODS</b>		
<b>Opening inventory</b>		
- Finished goods and traded goods	44,994.67	37,158.65
	<b>44,994.67</b>	37,158.65
<b>Closing inventory</b>		
- Finished goods and traded goods	92,837.93	44,994.67
	<b>92,837.93</b>	44,994.67
Increase in stock	(47,843.26)	(7,836.02)
<b>Details of inventory</b>		
<b>Finished goods and traded goods</b>		
- Gold	55,140.59	29,033.49
- Diamond	35,203.64	14,477.65
- Others	2,493.70	1,483.53
	<b>92,837.93</b>	44,994.67

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>25 EMPLOYEE BENEFITS</b>		
Salaries, wages and bonus	4,915.32	4,464.17
Contribution to provident and other funds		-
- Provident fund	74.57	83.31
- Other fund	32.09	39.76
Expense on employee stock options scheme (refer note 29.5)	15.83	29.75
Staff welfare charges	178.49	170.53
Gratuity expenses (refer note 29.7)	172.65	104.46
Compensated absences	147.87	64.11
	<b>5,536.82</b>	4,956.09

# Consolidated Notes

to the Financial Statement for the year ended 31 March 2013

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>26 OTHER EXPENSES</b>		
Power and fuel	336.34	239.69
Water charges	14.76	10.65
Boxes and packing materials	132.02	166.01
Repairs and maintenance to		
- others	146.42	182.31
- plant and machinery	13.17	4.20
Jobwork charges	83.27	408.68
Stores and spares consumed	-	445.14
Rent (refer note 29.8)	1,512.34	1,084.20
Advertisement and sales promotion	5,356.03	3,567.00
Freight and forwarding charges	106.03	73.82
Commission and service charges	39.16	7.93
Insurance	57.74	48.70
Travelling and conveyance expenses	374.92	180.09
Rates and taxes	851.74	790.54
Computer and software expenses	87.29	85.46
Legal and professional fees (refer note 28)	858.01	476.14
Royalty (refer note 28)	41.10	5.01
Postage, telegrams and telephone charges	163.25	145.32
Printing and stationery	64.41	49.02
Payment to auditors:		
- Statutory audit	56.39	35.96
- Out of pocket expenses	1.07	1.29
Vehicle expenses	22.94	27.27
Security expenses	148.18	106.97
Miscellaneous expenses	192.19	97.62
Assets written off	1.37	40.34
Loss on sale of assets	11.90	-
Bank charges	335.16	107.58
Provision for doubtful debts	-	19.26
Bad debts	-	0.39
Directors sitting fees	6.02	3.40
Commission to directors	30.93	22.50
	<b>11,044.15</b>	<b>8,432.49</b>

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>27 FINANCE COSTS</b>		
Interest expenses	1,955.59	2,907.52
Other borrowing costs	202.58	242.75
	<b>2,158.17</b>	<b>3,150.27</b>

# Consolidated Notes

to the Financial Statement for the year ended 31 March 2013

(Currency: ₹ in Lakhs)

	31 March 2013	31 March 2012
<b>28 PRIOR PERIOD ITEMS</b>		
Provision for royalty not made in previous year	18.37	-
Provision for legal and professional fees not made in previous year	0.63	-
	<b>19.00</b>	-

## 29 NOTES TO ACCOUNTS

### 29.1 Capital commitments and Contingent liabilities

Contracts remaining to be executed on capital account and not provided for as at 31 March 2013 is ₹ 274.74 Lakhs (31 March 2012: ₹ NIL) (net of advances).

### 29.2 Contingent Liabilities

Guarantees given on behalf of the directors in respect of loans taken by them is ₹. NIL (31 March 2012: ₹ 1,400 Lakhs)

#### Indirect tax matter

The Commercial Tax Officer, KVAT Circle IV, Ernakulum has issued a notice of demand / recovery notice under the Kerala Value Added Tax Rules, 2005 for the year 2009-10 for the payment of ₹ 49.79 Lakhs towards liability of compounding tax. The Company has filed an appeal against the aforesaid notice. The appellate matter is currently pending with the Deputy Commissioner of Sales Tax (Appeal), Ernakulam.

#### Direct tax matter

The Additional Commissioner of Income Tax Central circle 4(3) has issued notice of demand under Section 156 of Income Tax Act, 1961 for A.Y. 2010 - 2011 for the payment of ₹ 148.75 Lakhs, the Company has filed an appeal against the aforesaid notice. The appellate matter is currently pending with the Commissioner of Income Tax (Appeal).

### 29.3 Details of Subsidiaries

The subsidiary company considered in the consolidated financial statements is:

Name of Company	Country of Incorporation	% of holding as on 31 March 2013	Accounting period
Konfiaance Jewellery Private Limited	India	100.00%	1 April 2012 - 31 March 2013
Tribhovandas Bhimji Zaveri (Bombay) Limited	India	100.00%	1 April 2012 - 31 March 2013

# Consolidated Notes

to the Financial Statement for the year ended 31 March 2013

## 29 NOTES TO ACCOUNTS (CONTD.)

### 29.4 Details of Subsidiaries

- (i) The consolidated financial statements of Tribhovandas Bhimji Zaveri Limited together with audited financial statements of its subsidiaries ('the group') as described in note no. 29.3 have been considered for the purpose of consolidation.
- (ii) The financial statements of the parent company and its subsidiaries as described in note no. 29.3 have been combined to the extent possible on a line by line basis by adding together like items of assets, liabilities, income and expenses. The results of subsidiaries acquired or disposed off during the year are included in the consolidated statement of profit and loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. All significant intra group balances and transactions have been eliminated on consolidation. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post - acquisition increase in the relevant reserves of the subsidiary.
- (iii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the parent company's financial statements.

### 29.5 Employee Stock Option Plan

TBZ ESOP 2011 ('Scheme 2011')

In January 2011, the Board of the Company approved the TBZ ESOP 2011 ("the Scheme"), which covers the employees of the Company including its subsidiaries.

The scheme provides share based compensation to its employees using Stock options (Options) and Restricted Share Units (RSU)

- The Scheme would be administered and supervised by the members of the Remuneration Committee (which has been authorized by the Board to function as the 'Compensation Committee') ;
- Exercise price of options will be ₹ 149.93 per share and Exercise price of restricted stock units will be ₹10 per share;
- The Scheme provides that these options would vest in tranches over a period of 3 years as follows:

Period within which options will vest unto the participant	% of options that will vest
End of 12 months from the date of grant of options *	33%
End of 24 months from the date of grant of options *	33%
End of 36 months from the date of grant of options *	34%

The Scheme provides that restricted stock units would vest in tranches over a period of 3 years as follows:

Period within which options will vest unto the participant	% of options that will vest
End of 12 months from the date of grant of options *	66%
End of 36 months from the date of grant of options *	34%
*grant date or date of listing whichever is later Maximum term of options granted ( In years) Method of settlement	3.65 Equity settled



# Consolidated Notes

to the Financial Statement for the year ended 31 March 2013

## 29 NOTES TO ACCOUNTS (CONTD.)

### 29.5 Employee Stock Option Plan (Contd.)

Employee stock option activity under Scheme 2011 is as follows:

#### 1) Options

Particulars	31 March 2013	31 March 2012
Outstanding at beginning of the year	111,309	111,309
Granted during the year	Nil	Nil
Forfeited during the year	Nil	Nil
Cancelled during the year	58,235	Nil
Exercised during the year	Nil	Nil
Outstanding at the end of the year	53,074	111,309
Vested and exercisable at the end of the year	Nil	Nil

The Company has accounted for the above as compensation cost following the Guidance Note issued by the Institute of Chartered Accountants of India relating to Employee Share Based Payment.

The total (credit) /charge to the statement of profit and loss on account of Options is ₹ (2.44 Lakhs) (31 March 2012 ₹ 2.18 Lakhs)

The total carrying amount as at 31 March 2013 on account of Options is ₹ 3.75 Lakhs (31 March 2012: ₹ 6.19 Lakhs)

#### 2) Restricted Stock Units (RSUs).

Particulars	31 March 2013	31 March 2012
Outstanding at beginning of the year	97,124	97,124
Granted during the year	Nil	Nil
Forfeited during the year	Nil	Nil
Cancelled during the year	50,813	Nil
Exercised during the year	Nil	Nil
Outstanding at the end of the year	46,311	97,124
Vested and exercisable at the end of the year	Nil	Nil

The Company has accounted for the above as compensation cost following the Guidance Note issued by the Institute of Chartered Accountants of India relating to Employee Share Based Payment.

The total (credit) /charge to the statement of profit and loss on account of RSU is ₹ (58.03 Lakhs) (31 March 2012 ₹ 27.56 Lakhs)

The total carrying amount as at 31 March 2013 on account of RSU is ₹ 68.08 Lakhs (31 March 2012: ₹ 126.10 Lakhs)

The fair value of the options/RSUs on the grant date was determined based on Intrinsic value method

Had compensation cost been determined under the fair value approach described in the Guidance Note using the Black Scholes pricing model, the Company's net income and basic and diluted earnings per share would have been as set out below:

(Currency: ₹ in Lakhs)

Particulars	31 March 2013	31 March 2012
Net Income as reported	8,445.08	5,724.34
Add: Intrinsic Value Compensation Cost	(60.46)	29.75
Less: Fair Value Compensation Cost	23.19	88.67
Adjusted Proforma Income	8,361.43	5,665.42
Earning Per Share: Basic		
As Reported	12.95	11.45
Adjusted Pro Forma	12.82	11.33
Earning Per Share: Diluted		
As Reported	12.94	11.43
Adjusted Pro Forma	12.81	11.31

# Consolidated Notes

to the Financial Statement for the year ended 31 March 2013

## 29 NOTES TO ACCOUNTS (CONTD.)

### 29.5 Employee Stock Option Plan (Contd.)

Particulars	31 March 2013		31 March 2012	
	Options	RSUs	Options	RSUs
The key assumptions used to estimate the fair value of options are :				
- The weighted average fair value of those options at the grant date	34.28	148.71	34.28	148.71
- Option pricing model used	Black Scholes		Black Scholes	
- Inputs to that model including - weighted average share price (₹)	157.00	157.00	157.00	157.00
exercise price (₹)	149.93	10	149.93	10
expected volatility	0.00%	0.00%	0.00%	0.00%
option life (comprising vesting period + exercise period)	2.62	2.46	2.62	2.46
expected dividends	0.00%	0.00%	0.00%	0.00%
risk-free interest rate	8.03%	8.03%	8.03%	8.03%
any other inputs to the model including the method used and the assumptions made to incorporate the effects of expected early exercise.				
- Determination of expected volatility, including explanation to the extent expected volatility was based on historical volatility.	NA	NA	NA	NA
- Any other features of the option grant were incorporated into the measurement of the fair value, such as market conditions.	NA	NA	NA	NA
The expected life of the stock is based on historical data and current expectation and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of option is indicative of future trends, which may also not necessarily be the actual outcome.				

# Consolidated Notes

to the Financial Statement for the year ended 31 March 2013

## 29 NOTES TO ACCOUNTS (CONTD.)

### 29.6 Micro, Small and Medium Enterprises Dues

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to dues to Micro, Small and Medium Enterprises.

On the basis of the information and records available with management, during the year there is no transaction with Micro, Small and Medium enterprises, who have registered with the competent authorities.

	Gratuity (funded)	
	31 March 2013	31 March 2012
Principal amount and interest due thereon remaining unpaid to any supplier as at the year end	-	-
Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting year	-	-

(Currency: ₹ in Lakhs)

	Gratuity (funded)	
	31 March 2013	31 March 2012
<b>29.7 Employee Benefits</b>		
<b>a) Defined benefit plans</b>		
<b>I Change in Benefit Obligation</b>		
Liability at the beginning of the year	454.76	367.34
Liability of subsidiary prior to acquisition of its shares	0.00	0.00
Interest cost	40.89	35.31
Current service cost	182.43	287.09
Benefit paid	(33.08)	(8.48)
Actuarial (gain) / loss on obligations	(121.52)	(226.50)
Liability at the end of the year	523.48	454.76
<b>II Amount Recognised in the Balance Sheet</b>		
Liability at the end of the year	523.48	454.76
Fair value of plan assets at the end of the year	(54.19)	0.00
Amount recognised in the balance sheet	469.29	454.76
<b>III Expenses recognised in the Statement of profit and loss</b>		
Current service cost	182.43	287.08
Interest cost	40.89	35.31
Expected return on plan assets	0.00	0.00
Net actuarial (gain) / loss to be recognised	(121.52)	(226.50)
Expenses of the subsidiary prior to acquisition of its shares	0.00	0.00
Expense recognised in statement of profit and loss	101.80	95.89

# Consolidated Notes

to the Financial Statement for the year ended 31 March 2013

## 29 NOTES TO ACCOUNTS (CONTD.)

### 29.7 Employee Benefits (Contd.)

(Currency: ₹ in Lakhs)

	Gratuity (funded)	
	31 March 2013	31 March 2012
<b>IV Balance Sheet Reconciliation</b>		
Opening net liability	454.76	367.34
Liability of subsidiary prior to acquisition of its shares	0.00	0.00
Expense recognized in the statement of profit and loss account	101.80	95.89
Contribution Paid	(33.08)	(8.48)
Fair value of plan assets at the end of the year	(54.19)	
Amount recognised in balance sheet	469.29	454.76
<b>V Principal Actuarial Assumptions</b>		
Discount Rate per annum	8.20%	8.70%
Expected rate of return on plan Assets	-	-
Salary Escalation rate per annum	9.00%	10.00%
<b>Mortality</b>	<b>Latest compiled Table of LIC (1994-96)</b>	<b>Latest compiled Table of LIC (1994-96)</b>
Employee Turnover rate (Factory office)	20.92%	20.92%
Employee Turnover rate (Corporate office)	15.00%	15.00%
Employee Turnover rate (Showroom)	20.00%	20.00%
Estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.		

Experience Adjustments	Gratuity (funded)				
	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009
Present Value of Defined Benefit Obligation	523.48	454.76	367.34	270.51	179.99
Fair Value of Plan Assets	54.19	-	-	-	0
Funded Status [Surplus/(Deficit)]	(469.29)	(454.76)	(367.34)	(270.51)	(179.99)
Net Asset / (Liability)	(469.29)	(454.76)	(367.34)	(270.51)	(179.99)
Experience Adjustment Arising on:					
a. Plan Liabilities [Loss/(Gain)]	111.25	73.02	48.56	46.73	(23.49)
b. Plan Assets [Loss/(Gain)]	-	-	-	-	

#### Classification into current / non-current

(Currency: ₹ in Lakhs)

Particulars	Non - Current		Current	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Gratuity	420.07	345.61	49.22	109.15
<b>TOTAL</b>	<b>420.07</b>	<b>345.61</b>	<b>49.22</b>	<b>109.15</b>

The employer's best estimate, as soon as it can reasonably be determined, of contributions expected to be paid to the plan during the annual period beginning after the balance sheet date.

- b) Compensated absence debited to statement of profit and loss during the period amounts to ₹ 147.87 Lakhs (31 March 2012: ₹ 64.11 Lakhs) under notes to financials statements 25- 'Employee benefits'.
- c) Contribution to Provident and Employees State Insurance amounting to ₹ 106.65 Lakhs (31 March, 2012: ₹ 123.07 Lakhs) under notes to financials statements 25 - 'Employee benefits' is a defined contribution plan.

# Consolidated Notes

to the Financial Statement for the year ended 31 March 2013

## 29 NOTES TO ACCOUNTS (CONTD.)

### 29.8 Operating lease obligations

The Group has recognized the rent expenses in the books of accounts on straight line basis. Rental expenses under operating leases (including cancelable and non – cancelable) aggregating ₹ 1,512.34 Lakhs (2012: ₹ 1,084.20 Lakhs) have been included under "Other expense - Rent" under the Schedule 26 in the statement of profit and loss.

The future minimum lease payments in respect of non-cancellable operating leases as at 31 March 2013 are as follows -

Particulars	31 March 2013	31 March 2012
Amount due within one year from the balance sheet date	984.43	870.32
Amount due for the period after one year and before five years	3,446.14	2,454.07
Amount due for the period after five years	1,972.15	992.27
<b>TOTAL</b>	<b>6,402.72</b>	4,316.66

(Currency: ₹ in Lakhs)

Particulars	31 March 2013	31 March 2012
<b>29.9 Expenditure in foreign currency</b>		
Travelling	49.95	40.22
Royalty	36.58	-
Professional fee for Advertisement	11.37	-
<b>TOTAL</b>	<b>97.90</b>	40.22

(Currency: ₹ in Lakhs)

Particulars	31 March 2013	31 March 2012
<b>29.10 Value of Imports calculated on CIF basis</b>		
Diamond Jewellery	-	450.01
Capital goods	15.93	89.59
Watches	495.83	-
Packing Material	21.58	-
Stores and Spares	15.91	1.35
<b>TOTAL</b>	<b>549.25</b>	540.95

(Currency: ₹ in Lakhs)

Particulars	Percentage		Value	
	2013	2012	2013	2012
<b>29.11 Value of imported and indigenous of raw materials consumed and percentage of each to total consumption for year ended 31 March 2013</b>				
Imported	0.01%	0.47%	10.01	450.01
Indigenously	99.99%	99.53%	155,918.78	95,297.18
<b>TOTAL</b>	<b>100.00%</b>	100.00%	<b>155,928.79</b>	95,747.19

# Consolidated Notes

to the Financial Statement for the year ended 31 March 2013

## 29 NOTES TO ACCOUNTS (CONTD.)

(Currency: ₹ in Lakhs)

Particulars	31 March 2013	31 March 2012
<b>29.12 Earning Per Share (EPS)</b>		
Profit after Taxation	8,445.08	5,724.34
Weighted Average Number of Equity Shares	65,205,480	50,000,000
Add: effect of potential issues of options	45,751	95,950
Number of shares considered as weighted average shares and potential shares outstanding	65,251,231	50,095,950
Basic earnings Per Share (₹)	12.95	11.45
Diluted earnings Per Share (₹)	12.94	11.43

### 29.13 Segment reporting

The Group is engaged in manufacturing/ trading and selling of jewellery which is the primary business segment based on the nature of products manufactured/traded and sold. Thus, the Company has only one reportable business which is manufacturing/trading and selling of jewellery and only one reportable geographical segment. Accordingly the segment information as required by Accounting Standard 17 on "Segment Reporting" is not required to be disclosed.

### 29.14 Disclosures as required by the Accounting Standard - 18 on "Related Party Disclosures" are given below:

#### Name of related parties

##### Key Managerial Personnel

- 1 Shrikant Zaveri.
- 2 Binaisha Zaveri
- 3 Raashi Zaveri
- 4 Mayur Choksi

##### Relatives of key managerial personnel

- 1 Bindu S Zaveri.
- 2 Kamla G Zaveri

##### Entities over which Key Managerial personnel and/or their relatives exercise significant influence.

- 1 Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited
- 2 Tribhovandas Bhimji Zaveri (TBZ) Private Limited
- 3 Super Traditional Metal Crafts (Bombay) Private Limited
- 4 Tribhovandas Bhimji Zaveri Trading Co
- 5 Cupid Annibis Jewellery Private Limited
- 6 Shrikant G Zaveri (HUF)
- 7 T.B. Zaveri / A.B Zaveri (Family Benefit Trust)



# Consolidated Notes

to the Financial Statement for the year ended 31 March 2013

29.14 Disclosures as required by the Accounting Standard - 18 on "Related Party Disclosures" are given below: (Continued)									
Transaction between the Company and related parties and the status of outstanding balances as at 31 March, 2013									
Nature of transaction	Key Managerial Personnel			Entities over which Key Managerial personnel and/or their relatives exercise significant influence.					
	Shrikant Zaveri	Binaisha Zaveri	Raashi Zaveri	Mayur Choksi	Tribhovandas Bhimji Zaveri (Mumbai) Private Limited	Tribhovandas Bhimji Zaveri (TBZ) Private Limited	Super Traditional Metal Crafts (Bombay) Private Limited	Cupid Annibis Jewellery Private Limited	
<b>Transaction for the year *</b>									
Commission to directors	100.00	-	-	-	-	-	-	-	-
Interest received	-	-	-	-	-	-	-	-	-
	-	-	-	(0.09)	-	-	-	-	-
Remuneration paid	500.00	226.80	226.80	58.45	-	-	-	-	-
	(945.00)	(189.00)	(189.00)	(42.99)	-	-	-	-	-
Rent paid	156.74	-	-	-	-	-	-	-	-
	(144.00)	-	-	-	-	-	-	-	-
Loans taken (non interest bearing)	-	-	-	-	-	-	-	-	-
	(1,299.15)	(158.07)	(155.27)	-	-	-	-	-	-
Loan repaid (non interest bearing)	716.35	-	114.80	-	0.06	0.06	0.12	0.14	0.14
	(802.51)	(117.61)	(107.59)	(3.58)	(0.22)	(0.22)	(0.21)	(176.72)	(176.72)
<b>Closing balance **</b>									
Loans payable	26.71	-	85.44	-	16.19	16.20	246.88	0.75	0.75
	(743.06)	-	(200.24)	-	(16.25)	(16.26)	(247.01)	(0.89)	(0.89)
Remuneration payable	129.16	15.12	15.12	6.41	-	-	-	-	-
	(462.27)	(53.85)	(53.85)	-	-	-	-	-	-
Deposit receivable	72.00	-	-	-	-	-	-	-	-
	(72.00)	-	-	-	-	-	-	-	-
Corporate guarantees given on behalf of the directors	-	-	-	-	-	-	-	-	-
	(1,000.00)	-	(400.00)	-	-	-	-	-	-
Guarantees***									

\*\*\*Guarantees given by the directors, relatives and corporate guarantees of shareholders/Companies under the same management within the meaning of section 370(1B) given jointly upto ₹ Nil (2012: ₹ 1400 Lacs)

\* Amounts pertaining to year ended 31 March 2012 are in bracket.

# Consolidated Notes

to the Financial Statement for the year ended 31 March 2013

## 29 NOTES TO ACCOUNTS (CONTD.)

**29.15** Pursuant to the Accounting Standard (AS 29) – Provisions, Contingent Liabilities and Contingent Assets, the disclosure relating to provisions made in the accounts for the year ended 31 March, 2013 is as follows:  
Provision for Sales promotion expenses

(Currency: ₹ in Lakhs)

Particulars	31 March 2013	31 March 2012
Opening Balance	210.00	75.00
Additions (net of utilisation)	260.00	135.00
<b>Closing Balance</b>	<b>470.00</b>	210.00

### 29.16 Initial Public Offering (IPO)

During the year pursuant to the approval of the shareholders of the Company in an Extra Ordinary General Meeting held on 5 January 2011, the Company has issued and allotted through Initial Public Offering (IPO) 16,666,667 equity shares of ₹ 10 each at a premium of ₹ 110 per share aggregating to a total of ₹ 20,000 Lakhs to all categories of investors. The issue was made in accordance with the terms of the Company's prospectus dated 30 April 2012 and the shares got listed on 9 May 2012 on BSE Limited and National Stock Exchange of India Limited. In accordance with "objects of issue" as stated in the prospectus of the Company, the status of utilisation upto 31 March 2013 of the amount raised through the said initial public offer is as follows:-

(Currency: ₹ in Lakhs)

Particulars	Utilisation planned as per prospectus	Utilisation of IPO proceeds as on 31 March 2013	Balance amount to be utilised as on 31 March 2013
To finance the establishment of new showrooms	1,919.40	1,919.40	-
To meet incremental working capital requirements	16,044.90	16,044.90	-
General corporate purposes and Issue related expenses	2,035.70	2,035.70	-
<b>TOTAL AMOUNT</b>	<b>20,000.00</b>	<b>20,000.00</b>	-

**29.17** The management is of the opinion that the Company's domestic transactions are at an arms' length price so that aforesaid legislation will not have any impact on the financial statement, particularly on the tax expenses and that of provision for tax.

**29.18** During the year, the Company has changed its business practice i.e. from outright purchase of gold from its vendors, the Company has now also started procuring gold on lease basis from banks.

# Consolidated Notes

to the Financial Statement for the year ended 31 March 2013

## 29 NOTES TO ACCOUNTS (CONTD.)

### 29.19 Previous year figures

Details of regrouping/reclassification for the previous year

(Currency: ₹ in Lakhs)

Particulars	Amount before reclassification	Adjustment	Amount after reclassification
<b>Short term provisions</b>			
<b>Others</b>			
- Provision for wealth tax	-	2.22	2.22
- Provision for taxation (net of advance tax)	1,262.48	(2.22)	1,260.26
<b>- Other loans and advances</b>			
<b>Employee benefit expenses</b>			
Contribution to provident and other funds			
- Provident fund	74.99	8.32	83.31
- Other fund	112.19	(72.43)	39.76
Compensated absences	-	64.11	64.11
<b>Other expenses</b>			
Advertisement and sales promotion	3,313.31	253.69	3,567.00
Computer and software expenses	-	85.46	85.46
Repairs and maintenance to			
- Others	106.04	76.27	182.31
- Plant and Machinery	165.93	(161.73)	4.20
Legal and professional charges	734.84	(258.70)	476.14
Royalty	-	5.01	5.01
Security charges	-	106.97	106.97
Miscellaneous expenses	204.59	(106.97)	97.62
<b>TOTAL</b>	<b>5,974.37</b>	<b>-</b>	<b>5,974.37</b>

As per our report of even date attached

For **B S R and Co**

Chartered Accountants

Firm's Registration No: 128510W

**Vijay Mathur**

Partner

Membership No: 046476

For and on behalf of the Board of Directors of

**Tribhovandas Bhimji Zaveri Limited**

**Shrikant Zaveri**

Chairman and Managing Director

**Raashi Zaveri**

Director - Finance

Place : Mumbai

Date : 28 May 2013

**Niraj Oza**

Company Secretary

# Statement Pursuant to Section 212 of the Companies Act, 1956

relating to subsidiary companies Annexed to the Balance Sheet as at 31 March 2013

Name of the Subsidiary Company	The Financial year of the Company ended on	Holding Company's interest as at close of financial year of subsidiary company	Extent of Holding %	Net aggregate amount of subsidiary company's profit after deducting its losses or vice-versa, so far as it concerns members of the Holding Company which are not deal within the Company's account		Net Aggregate amount of subsidiary company's profit after deducting its losses or vice-versa, dealt within the Company's account	
				Shareholding	For the current financial year	For the previous financial year	For the current financial year
Konfrance Jewellery Private Limited (w.e.f. 11 September 2009)	31 March 2013	100,000 equity share of ` 10 each	100.00%	-	(1.80)	0.79	
Tribhovandas Bhimji Zaveri (Bombay) Limited (w.e.f. 4 October 2010)	31 March 2013	5,020 equity share of ` 100 each	100.00%	-	137.52	4.34	

(₹ in Lakhs)

# Financial Information Relating to Subsidiary Companies

for the year ended 31 March 2013

(₹ in Lakhs)

Name of the Subsidiary Company	Capital				Investment				Profit before tax	Provision for tax	Profit after tax	Proposed dividend
	Reserve	Total Assets	Total Liabilities	Government Securities	Debt Securities	Shares, Bonds & Others	Units of Mutual funds	Associate				
Konfaance Jewellery Private Limited (w.e.f. 11 <sup>th</sup> September, 2009)	10.00	89.94	103.52	3.58	-	-	-	-	(1.80)	-	(1.80)	-
Tribhovandas Bhimji Zaveri (Bombay) Limited (w.e.f. 4 <sup>th</sup> October, 2010)	5.02	370.99	708.48	332.47	-	5.18	-	-	205.00	67.48	137.52	-

## Note:

The Ministry of Corporate Affairs, Government of India vide its General Circular No: 2/2011 No.51/12/2007-CL-III dated 8 February, 2011 and General Circular No: 3/2011 dated 21 February, 2011 issued under section 212(8) of the Companies, Act 1956, has granted general exemptions to the Companies from attaching the documents of the Company's subsidiaries, required to be attached under section 212(1) of the Companies Act, 1956. However annual accounts of the Subsidiary Companies and the related detailed information will be made available to the investors of the Company and subsidiaries of the Company, seeking such information, at any point of time at the Registered Office of the Company and the concerned subsidiary of the Company.

## Notes



## Notes



## TRIBHOVANDAS BHIMJI ZAVERI LIMITED

Regd. Off.: 241/43, Zaveri Bazar, Mumbai - 400 002

Corporate Off.: 1106 to 1121, 11th Floor, West Wing, Tulsiani Chambers, 212, Backbay Reclamation, Free Press Journal Road, Nariman Point, Mumbai - 400 021. Tel. No.: 3073 5000. Fax No.: 3073 5088. Website: [www.tbztheoriginal.com](http://www.tbztheoriginal.com)

### PROXY FORM

I / We \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ being member/s of TRIBHOVANDAS BHIMJI ZAVERI LIMITED hereby appoint \_\_\_\_\_ in the district of \_\_\_\_\_ or failing him/ her \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ as my/ our proxy to vote for me/us on my/our behalf at the Sixth Annual General Meeting of the Company to be held on Friday, 30th August, 2013 at 3.30 p.m. and any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

Folio No.	
DP ID No. *	
Client ID No. *	

Affix  
Revenue  
Stamp of  
₹ 1

\* Applicable if share(s) are held in electronic form

Signature \_\_\_\_\_

#### NOTE:

The Proxy duly completed must be deposited at the registered office of the Company not less than 48 hours before the time of holding the meeting.

Members who have multiple folios/ demat accounts with different joint-holders may use copies of this proxy form.



TEAR HERE



## TRIBHOVANDAS BHIMJI ZAVERI LIMITED

Regd. Off.: 241/43, Zaveri Bazar, Mumbai - 400 002

Corporate Off.: 1106 to 1121, 11th Floor, West Wing, Tulsiani Chambers, 212, Backbay Reclamation, Free Press Journal Road, Nariman Point, Mumbai - 400 021. Tel. No.: 3073 5000. Fax No.: 3073 5088. Website: [www.tbztheoriginal.com](http://www.tbztheoriginal.com)

### ATTENDANCE SLIP

(To be filled in and handed over at the entrance of the meeting hall)

I hereby record my presence at the Sixth Annual General Meeting of the Company on Friday, 30th August, 2013 at 3.30 p.m. at M. C. Ghia Hall, 4th Floor, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai - 400 001.

Folio No. or Client ID No.	
DP ID No.	

Full Name of the \* Shareholder/ proxy

\* Strike out whichever is not applicable.

Signature of the \* Shareholder/ proxy

#### NOTE:

Members who have multiple folios/ demat accounts with different joint-holders may use copies of this attendance slip.

No additional/ duplicate Attendance Slip will be issued at the Meeting Hall.

Members are requested to bring their copies of the Annual Report to the meeting.





## TRIBHOVANDAS BHIMJI ZAVERI LIMITED

Regd. Off.: 241/43, Zaveri Bazar, Mumbai - 400 002

Corporate Off.: 1106 to 1121, 11th Floor, West Wing, Tulsiani Chambers, 212, Backbay Reclamation, Free Press Journal Road, Nariman Point, Mumbai - 400 021. Tel. No.: 3073 5000. Fax No. 3073 5088. Website: [www.tbztheoriginal.com](http://www.tbztheoriginal.com)

### E-COMMUNICATION REGISTRATION FORM

Dear Shareholder,

The Ministry of Corporate Affairs vide its Circular Nos.17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 commenced the 'Green Initiative in Corporate Governance' thereby allowing paperless compliances by Companies through electronic mode. Further, in line with recent circular ref. no. CIR/CFD/DIL/7/2011 dated 05.10.2011 issued by the Securities and Exchange Board of India (SEBI) and consequent changes in the listing agreement, Companies can send Annual Report in electronic mode to shareholders who have registered their email addresses for the purpose.

It is welcome move for the society at large, as this will reduce paper consumption to a great extent and allow shareholders to contribute towards a Greener Environment. This is a golden opportunity for every shareholder of Tribhovandas Bhimji Zaveri Limited to contribute to the Corporate Social Responsibility initiative of the Company.

We therefore invite all our shareholders to contribute to the cause by filling up the form given below to receive communication from the Company in electronic mode. You can also download the attached registration form from our website [www.tbztheoriginal.com](http://www.tbztheoriginal.com).

**Let's be part of this 'Green Initiative'!**

**Please note that as a member of the Company you will be entitled to receive all such communication in physical form, upon request.**

Best Regards,

**Niraj Oza**  
Company Secretary

### E-COMMUNICATION REGISTRATION FORM

Folio No. / DP ID & Client ID: \_\_\_\_\_

Name of 1<sup>st</sup> Registered Holder: \_\_\_\_\_

Name of Joint Holder(s): \_\_\_\_\_

\_\_\_\_\_

Registered Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

E-mail ID [to be registered]: \_\_\_\_\_

I/we shareholder[s] of Tribhovandas Bhimji Zaveri Limited agree to receive communication from the Company in electronic mode. Please register my above e-mail id in your records for sending communication through e-mail.

Date: \_\_\_\_\_ Signature: \_\_\_\_\_

**Note:** Shareholder[s] are requested to keep the Company informed as and when there is any change in the e-mail address.



# Corporate Information

## Board of Directors

**Shrikant Zaveri**  
*Chairman & Managing Director*

**Binaisha Zaveri**  
*Whole-time Director*

**Raashi Zaveri**  
*Director - Finance*

**Kamlesh Vikamsey**  
*Independent Director*

**Ajay Mehta**  
*Independent Director*

**Sanjay Asher**  
*Independent Director*

## Chief Executive Officer

**Prem Hinduja**

## Company Secretary

**Niraj Oza**

## Auditors

**B S R and Co**  
Lodha Excelus, 1st Floor,  
Apollo Mills Compound, N.M.Joshi Marg,  
Mahalakshmi, Mumbai - 400 011.

## Bankers

State Bank of India

HDFC Bank Limited

ICICI Bank Limited

Kotak Mahindra Bank Limited

Union Bank of India

## Registrar & Share Transfer Agent

**Karvy Computershare Private Limited**  
Plot No. 17-24, Vittal Rao Nagar, Madhapur,  
Hyderabad - 500 081.  
Tel. No. (040) 4465 5000  
Fax No. (040) 2343 1551  
Email: einward.ris@karvy.com

## Registered Office

241/43, Zaveri Bazar, Mumbai - 400 002.  
Tel. No. (022) 3956 5001  
Fax No. (022) 3956 5056  
Email: investors@tbzoriginal.com  
Website: www.tbztheoriginal.com

## Corporate Office

1106 to 1121, 11th Floor, West Wing, Tulsiani Chambers,  
212, Backbay Reclamation, Free Press Journal Road,  
Nariman Point, Mumbai - 400 021.  
Tel. No. (022) 3073 5000  
Fax No. (022) 3073 5088

## 6th Annual General Meeting

**Day &  
Date**

Friday,  
30th August, 2013

**Time**

3.30 p.m.

**Venue**

**M.C. Ghia Hall**  
4th Floor, Bhogilal Hargovindas Building  
18/20, K. Dubash Marg, Kala Ghoda  
Mumbai - 400 001.





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TRIBHOVANDAS BHIMJI ZAVERI  
SHRIKANT ZAVERI GROUP

**Registered Office**

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Fax No. (022) 3956 5056  
Email: [investors@tbzoriginal.com](mailto:investors@tbzoriginal.com)


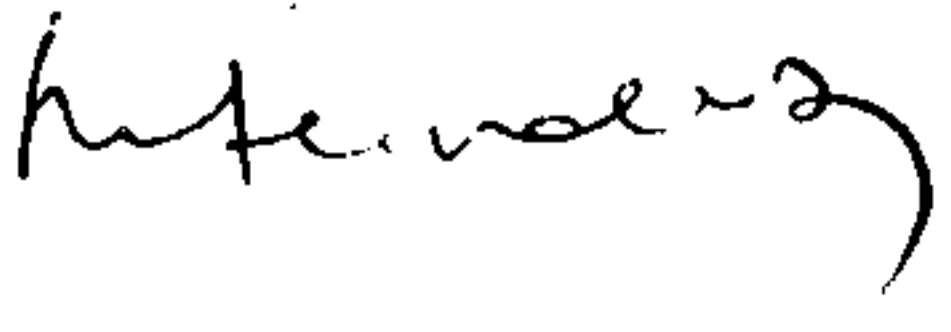
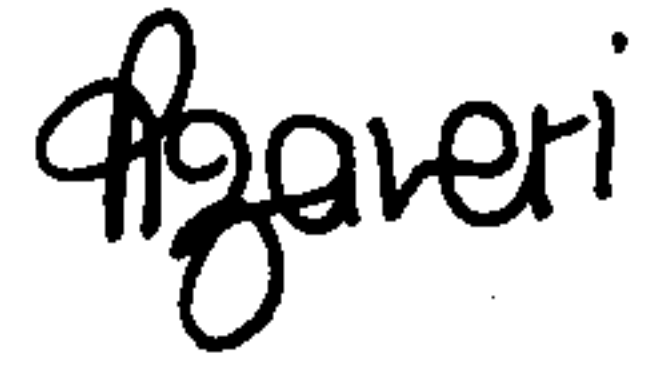

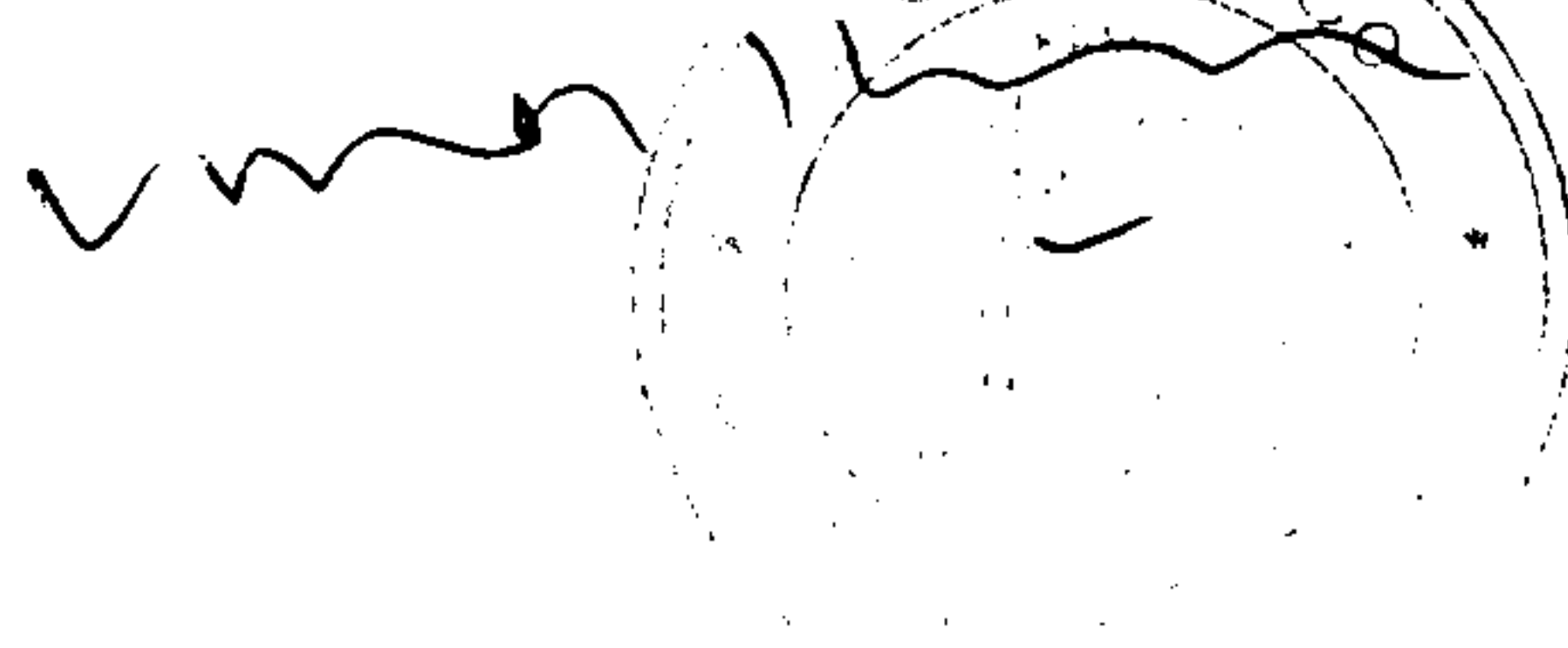
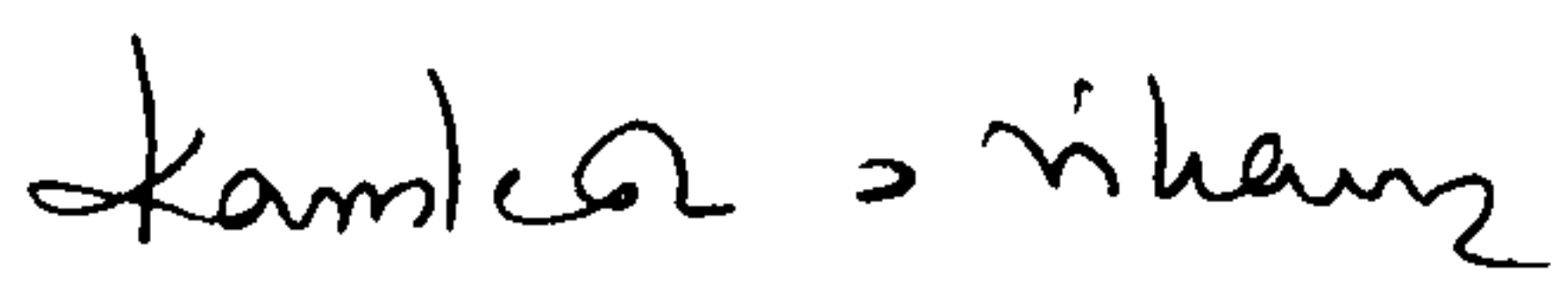
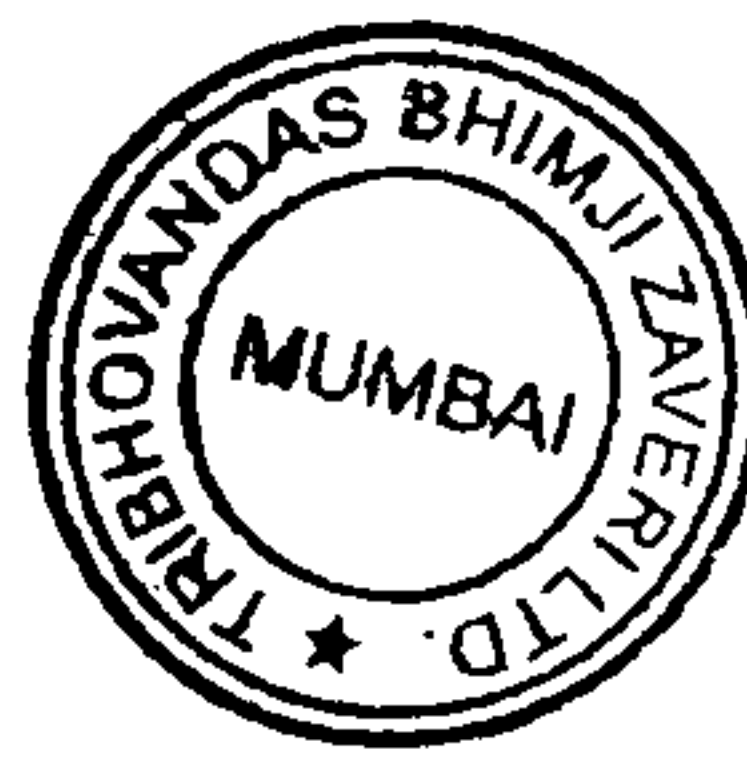
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Tel. No. (022) 3073 5000  
Fax No. (022) 3073 5088

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## FORM A

### Covering Letter of the Annual Audit Report to be filed with the Stock Exchanges

1.	Name of the Company	Tribhovandas Bhimji Zaveri Limited
2.	Registered Office of the Company	241/43, Zaveri Bazar, Mumbai – 400 002
3.	Annual financial statements for the year ended	31 <sup>st</sup> March, 2013
4.	Type of Audit observation	Un-qualified Audit Report
5.	Frequency of observation	N.A. (Unqualified Audit Report)
6.	To be signed by- <ul style="list-style-type: none"> <li>Mr. Shrikant Zaveri, Chairman &amp; Managing Director</li> <li>Mr. Prem Hinduja, Chief Executive Officer</li> <li>Ms. Raashi Zaveri, Director – Finance</li> </ul>	   
	<ul style="list-style-type: none"> <li>B S R and Co, Statutory Auditors</li> </ul>	
	<ul style="list-style-type: none"> <li>Mr. Kamlêsh Vikamsey, Independent Director, Audit Committee Chairman</li> </ul>	 



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TRIBHOVANDAS BHIMJI ZAVERI LTD.

**Regd. Office :** 241/43, Zaveri Bazar, Mumbai - 400 002. Tel.: +91.22.3956 5001, Fax : +91.22.39565056.

**Corp. Office :** 1106 to 1121, 11th Floor, West Wing, Tulsiani Chambers, 212, Backbay Reclamation, Free Press Journal Road, Nariman Point, Mumbai - 400 021. Tel.: +91.22.30735000, Fax : +91.22.30735088.

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