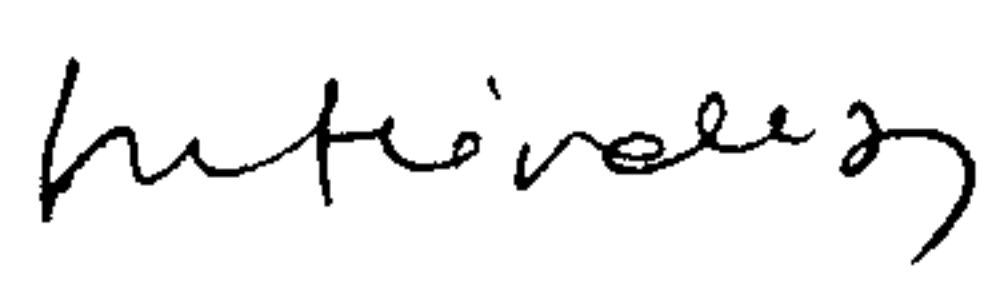
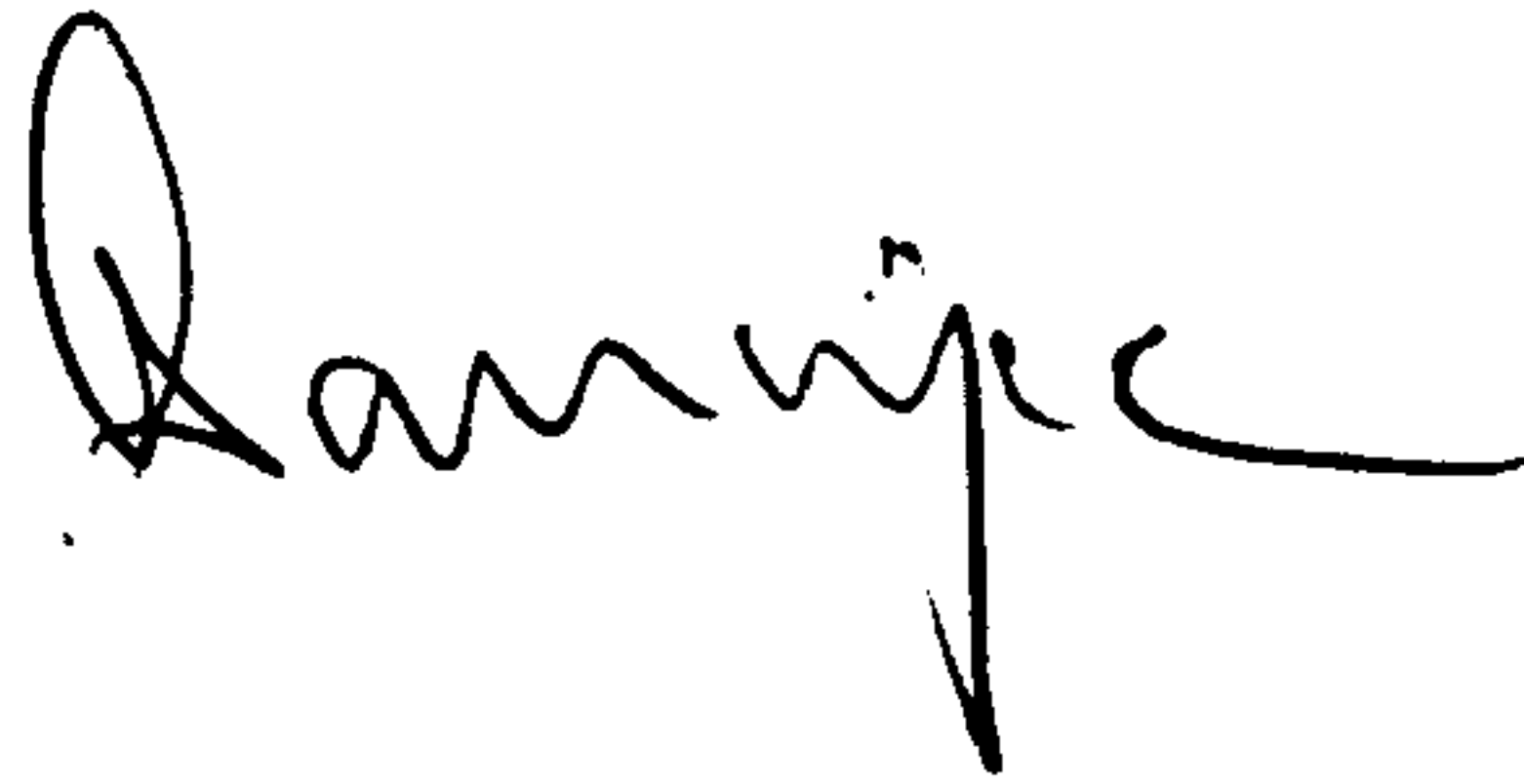
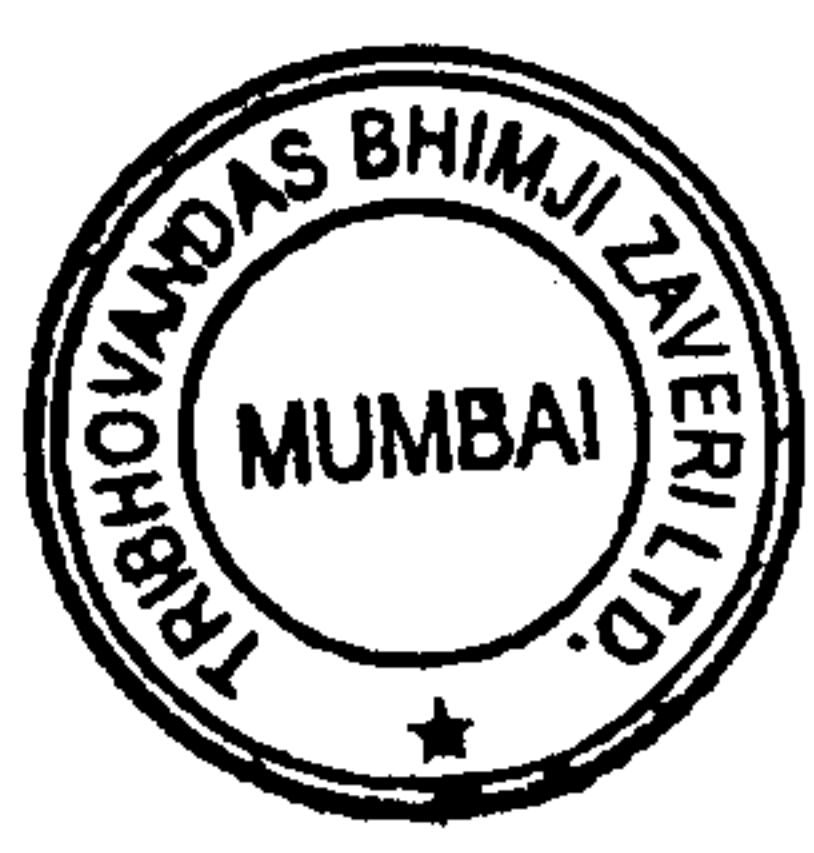
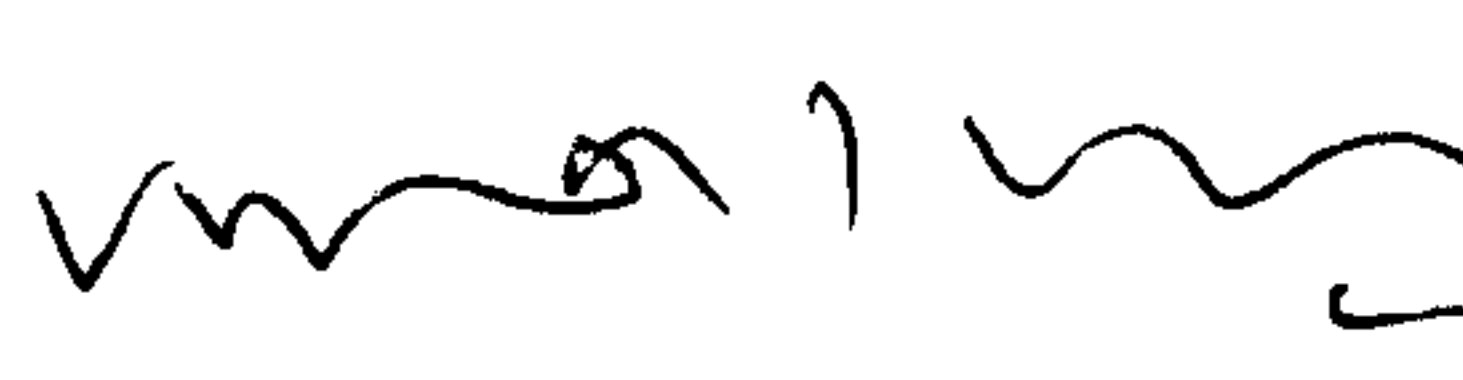
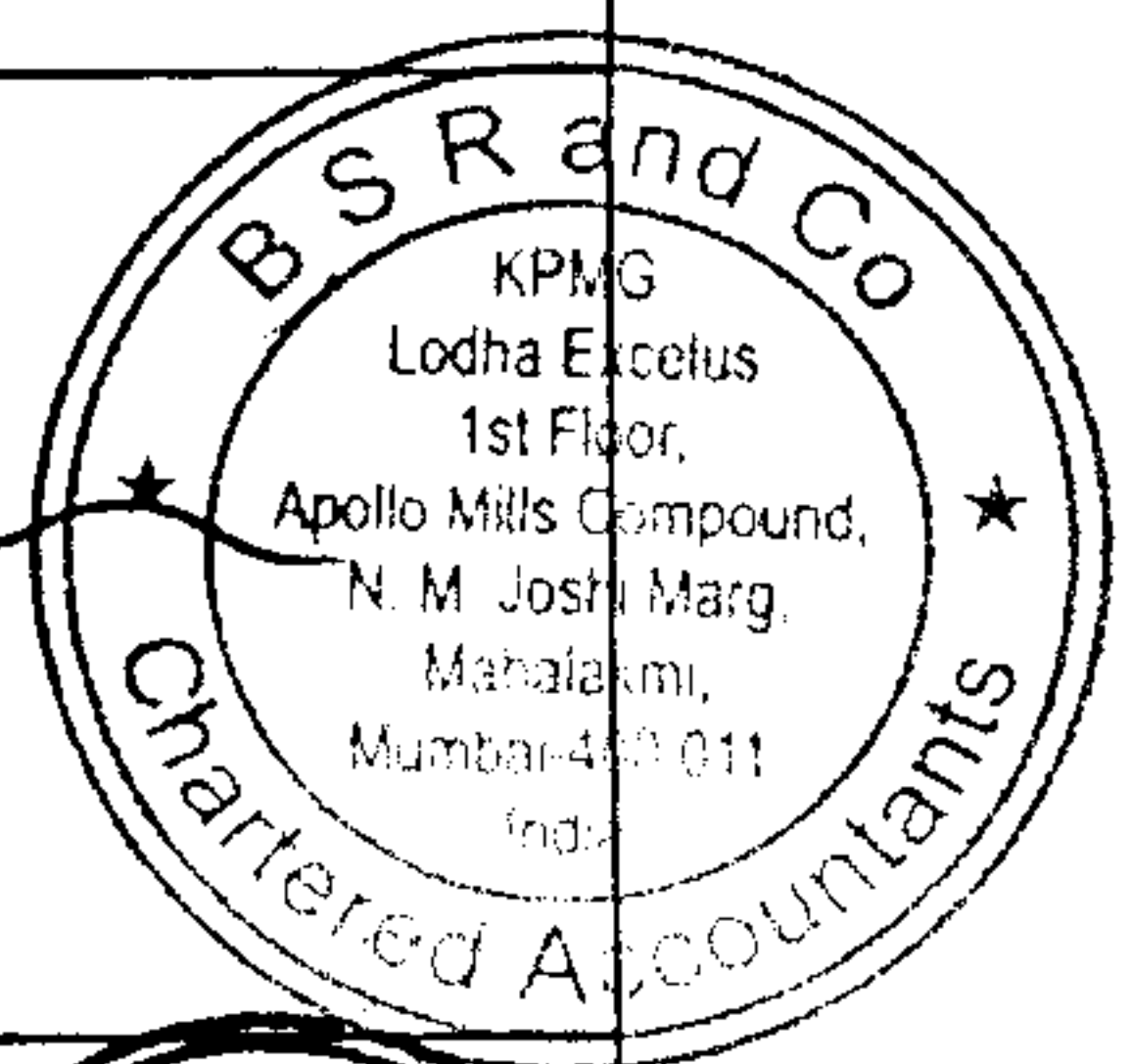
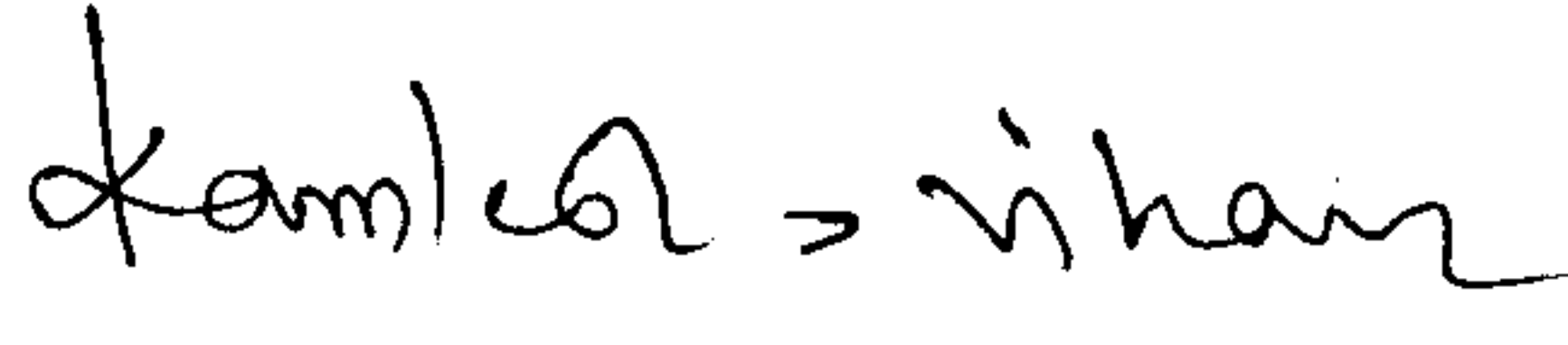
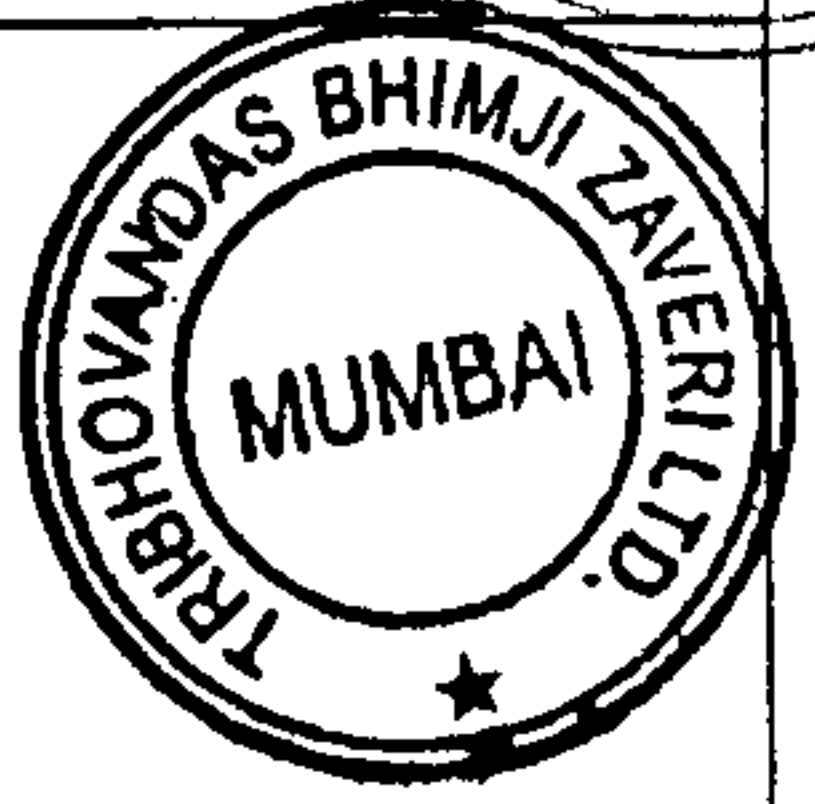


## FORM A

### 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, 2014                                                                                                                                                                                                                                                                                                                                               |
| 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>Mr. Saurav Banerjee, Chief Financial Officer</li> </ul> | <br><br><br><br><br><br> |
|    | <ul style="list-style-type: none"> <li>B S R and Co, Statutory Auditors</li> </ul>                                                                                                                                                | <br><br>                                                                                                                                                                                         |
|    | <ul style="list-style-type: none"> <li>Mr. Kamlesh Vikamsey, Independent Director, Audit Committee Chairman</li> </ul>                                                                                                            | <br><br>                                                                                                                                                                                         |

  
 The original since 1864  
 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.

www.tbztheoriginal.com

CIN. No : L27205MH2007PLC172598



The original since 1864

TRIBHOVANDAS BHIMJI ZAVERI  
SHRIKANT ZAVERI GROUP

ANNUAL REPORT 2013-14



TRENDING  
FOR 150 YEARS,

INVESTING  
IN THE FUTURE

**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.

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### 7<sup>th</sup> Annual General Meeting

- Day & Date - Wednesday, 24<sup>th</sup> September, 2014
- Time - 3.30 p.m.
- Venue - **M. C. Ghia Hall**  
4<sup>th</sup> Floor, Bhogilal Hargovindas Building,  
18/20, K. Dubash Marg, Kala Ghoda,  
Mumbai - 400 001.



*It is from a humble seed that the mighty oak is born.  
The seed is potential concealed, the tree is potential revealed.*

From the glitz and glamour of today, our story began in a humble tin shed in Zaveri Bazar, Mumbai in 1864.

It began with a vision of giving India the jewellery it deserved, with the style, purity, and craftsmanship that was expected.

From this seed that was planted by Shri Bhimji Zaveri did a mighty tree grow, changing the landscape of Zaveri Bazar and then the Indian jewellery market itself.

Five successive generations have watered and nurtured this tree with their hard work, innovation, and persistence in consonance with the founding vision.

Today, *150 years* after our inception, we are rejuvenating our roots. A new seed is in the ground, and new potential is being revealed.

**What began with a tree is now becoming a garden.**

## Meet “The Original” Zaveri of Zaveri Bazar



27 retail stores  
spread across the country

---

88,093 sq ft spread

---

35 designers

---

Sometimes a name says it all!

It captures the systemic significance of an enterprise within the industry and illustrates its power.

For millions of our customers, it has been a family tradition to visit the stores and invest in jewellery for daily wear, weddings, celebrations or festive occasions.

The name stands for trust, implicit quality, innovative designs and fine craftsmanship. It also stands for the endurance of an enterprise that is built on customer centricity.

TBZ - The Original today is a brand that operates a chain of 27 retail stores spread across the country offering gold and diamond studded jewellery in a variety of designs that cater to the wedding and fashionwear occasions.

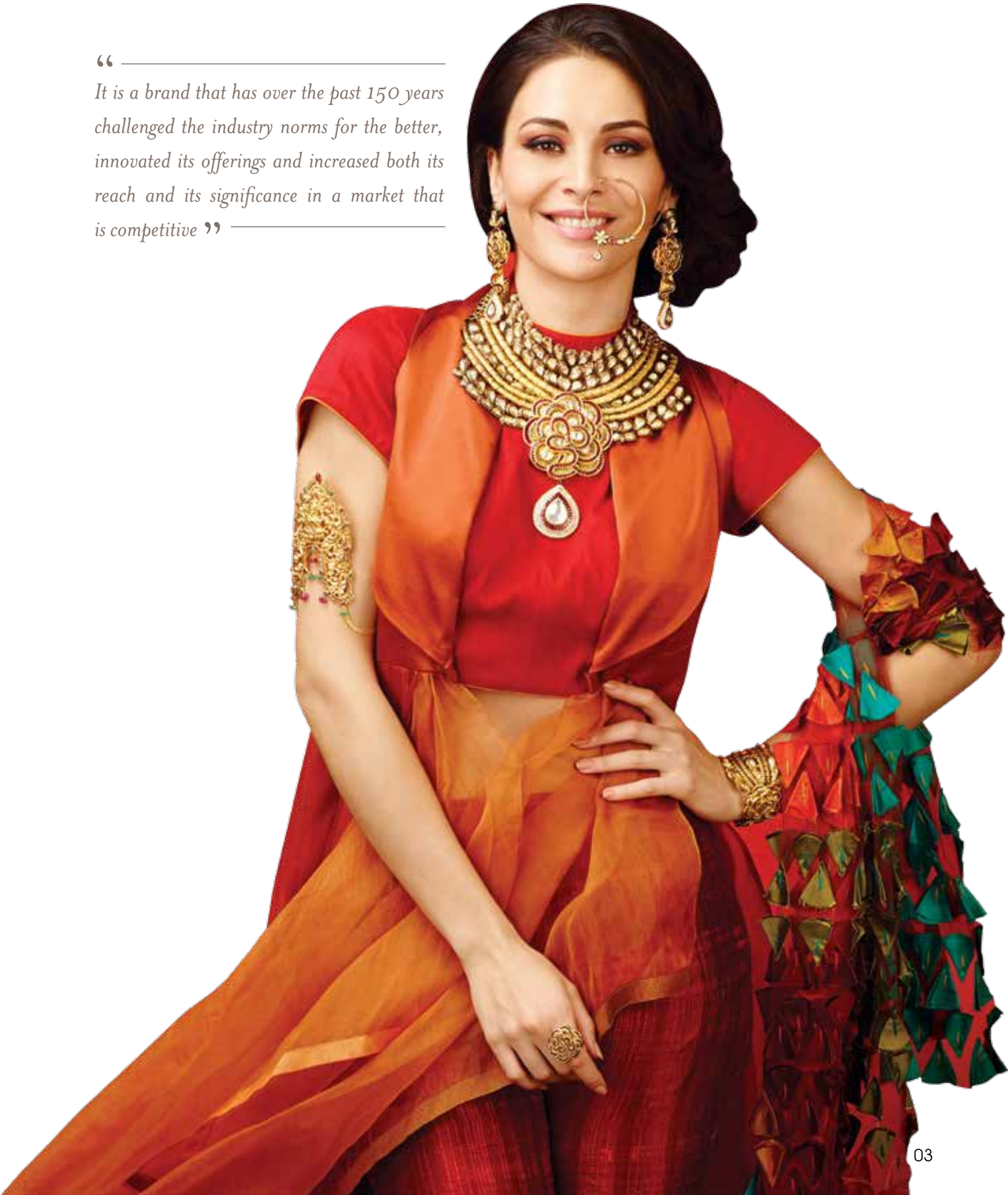
It is an integrated entity, with a team of 35 designers, a state-of-the-art manufacturing facility and a retail network that interacts with customers.

TBZ is a brand led entity that leverages its name, reputation and goodwill to build its markets.

It is a brand that has over the past *150 years* challenged the industry norms for the better, innovated its offerings and increased both its reach and its significance in a market that is competitive. Over these years, we have clocked a number of firsts - the first to offer buy back guarantee on gold jewellery, the first to promote the concept of light weight jewellery and the first to offer certified Solitaire diamonds.

It is led by the fifth generation of the founding family and is today a Public Limited Company that is professionally managed.

“ —————  
It is a brand that has over the past 150 years  
challenged the industry norms for the better,  
innovated its offerings and increased both its  
reach and its significance in a market that  
is competitive ” —————



## Chairman & Managing Director's Communiqué



### Dear Stakeholders,

“*After trending for 150 years in the Indian gems and jewellery market, in the year that we celebrate this longevity, we opted not to look at our past, but to proactively plan for the future. We have transformed from a family jeweller into a premium retail and brand focussed entity and now seek to expand our footprint and become a truly national brand*” —

Today, a vision that lasted *150 years* has blossomed into a dream that will dictate our future and change the rules in the gems and jewellery market in India.

Our relevance across this vast interregnum of time is solely because of our consistent ability to change with the times, understand the taste of the consumer, and design and deliver the jewellery that consumers aspire to have.

### Global insights

The year began with a sluggish economy across the globe and it was only in the latter half of the year that global activities showed signs of strengthening. Much of this growth impetus came from the developed economies of the West. In contrast, many emerging markets were challenged with a less than favourable external financial environment and internal hurdles.

There are signs of positivity for India, and as per the IMF projections, India's growth is expected to recover from 4.7% in 2013-14 to 5.4% in 2014-15.

The Gems and Jewellery industry in India is a systemically important one with domestic market pegged at ₹ 2,51,000 Crores in 2013. It has the potential to touch ₹ 5,00,000 to ₹ 5,30,000 Crores by 2018.

This is good news for the organised sector as an expanding market is bound to veer towards established brands with a beneficial value proposition and high levels of trust. Organised sector share which stood at 5% a decade back now accounts for 18% of the market. Concerted efforts by brands like ours will ensure that this trend continues.

## Performance during the year

The challenging economic performance also reflected on your Company's performance. The operating revenue increased from ₹ 1,65,833.77 Lakhs to ₹ 1,82,434.10 Lakhs, while the net profit stood at ₹ 5,505.89 Lakhs as compared to ₹ 8,500.10 Lakhs in the previous year.

We stood the test of the eco system by way of our expanded retail network, maturing of the new stores and our brand led efforts to popularise TBZ - The Original as the destination of choice in buying quality jewellery.

During the year, we reiterated our design leadership by launching designer jewellery collections for every festive occasion. This wedding season, TBZ launched a trendy jewellery collection that could be combined with equally trendy attire to create a WOW impact, while projecting a New Age attitude. This Collection fulfils the innate needs of the Indian Bride who is constantly seeking to balance tradition with modernism, indulgence with elegance, and style with sophistication.

## Our future direction

Today, as we celebrate the 150<sup>th</sup> year of our existence as a brand, we are actively focussed on the future. We are witnessing increasing aspiration and

purchasing power in Tier 2 and Tier 3 cities, and TBZ - The Original seeks to leverage this expanding market, with our innovative designs and focus on quality and purity.

TBZ - The Original has a design team with ears close to the changing desires of the market, and an eye for elegance that combines both substance and style. They combine the best of the tradition and modernity and create jewellery that captures hearts in the first appearance and endures in the minds of people. Our ability to customise our designs for both regional as well as individual tastes augurs well for the future.

## TBZ - The next level

In summation, we envisage the future in which we will continue to be trendsetters, with a larger network of stores, more innovative designs, and greater variety of choice. Much of these will be possible with the continual improvement in our people quotient. As a retail focussed brand, our staff's abilities to forge ties with our customers, cater to their taste, and capture their innate aspirations will dictate the level of our success. By creating a retail force that has inherent knowledge of the gems and jewellery trends, emerging fashions and customer preferences, we will continue to increase the relevancy of our brand in the markets where we are present.

Increasing our brand relevance, forging closer ties with customers and remaining thought and aesthetic leaders are factors that will sustain our relevance for the next *150 years*. To this dream, we are wholeheartedly committed.

Together we stride, aligned with each other towards the future.

Warm regards,

**Shrikant Zaveri**  
Chairman & Managing Director

## *Trending for 150 years, Investing in the Future*

The year was 1864. The American Civil War was in its 4<sup>th</sup> year. The England-Bhutan war had just begun and the British troops entered Bhutan. A severe cyclone had hit Calcutta.

It was four years prior to the time when a young, 29-year-old Jamshetjee Nusserwanji Tata set up a trading company in Bombay in an act that led to the formation of the Tata Group.

In Bombay, a certain Shri Bhimji Zaveri takes a tin shed with an ambition to make quality jewellery for the Indian market.

This one act would set in motion a series of events and bring about an organisation that would outlast the British empire, witness the two World Wars, experience the cold war, see the rise and fall of the empire of USSR, and the rise of the Oil monarchies of the Gulf. It would begin by serving the maharajas and their maharanis, then the rich merchants and industrialists, till 5 generations later, today it has become a mass market jewellery retailer catering to the middle and rich class of India.



“  
*We are transitioning from a family jeweller to a jewellery retailer with an integrated presence across design, manufacturing and retailing*  
”

Today, the end of a cycle  
that lasted *150 years* is  
also the beginning of a new era.

We are transitioning from a family jeweller to a jewellery retailer with an integrated presence across design, manufacturing and retailing.

From being a family run enterprise, we have emerged as a professionally managed Public Limited Company. From a regional player, we are emerging as a fast growing national retailer of gold and diamond studded jewellery.

We have always been design-centric, but today we are emerging as a design-centric brand led corporate business.

From a player with signature stores, we have transitioned into a model with a hub and spoke format - with large retail outlets in the high street and smaller stores in localities with high demand.



## *Redefining the Future with an Expanded Area of Focus*

**1,00,000** carats  
of diamond jewellery  
manufacturing capacity

**4,500** kg of gold jewellery  
components manufacturing  
capacity



### **Our past defines our present. Our present redefines our future.**

Today, we are in the midst of a transition that is seeing us emerge as an organised sector retailer of gold and diamond studded jewellery that is high on brand value and style quotient.

Our expanded area of focus orients us towards corporate governance, trendsetting styles, integrated operations, organised retail, expansion into new geographies, and customer-focussed marketing.

### **Focus on corporate governance**

As a public limited entity, our focus is on good corporate governance, high levels of transparency in reporting, stakeholder-focussed initiatives and ethical business practices.

### **Trendsetting styles**

TBZ has always been known for the style and quality of its jewellery collections. With a team of 35 designers including 9 who use Computer Aided Designs, we come out with 8-10 new collections of designer jewellery every year. Our designers are empowered, well informed about world trends, and local tastes and preferences and endowed with an innovative gene when it comes to introducing new styles.

### **Focus on integrated operations**

With a presence in jewellery designing, and a manufacturing unit at Kandivali spread across 24,000 sq ft, and 88,000 sq ft of retail space, we are an integrated player in the jewellery market drawing margins from every aspect of the value chain. Our production capacities are increasing and today we have a capacity to manufacture 1,00,000 carats of diamond jewellery (based on one eight-hour shift per day), refine 4,000 kg of gold, and manufacture 4,500 kg of gold jewellery components.

The Company implements stringent internal as well as operational controls in the form of operational manuals and audits. In addition to a scalable business model, a well qualified and experienced professional team along with strong groundwork undertaken before charting out our expansion plans enables us to undertake a 360 degree approach to planning various dynamics which go into the success of opening stores and managing customer experience.

### Customer focussed marketing

We maintain high brand recall for TBZ - The Original through high visibility advertisement campaigns especially around festivals, which is when a lot of buying take place. This not only ensures repeat customers but also a steady flow of new customers to our stores. Customer education through distribution of booklets which contain information on how to make jewellery purchases and our innovative Jewellery Education Programme continues to build a special connect with our customers.

Whilst we have national campaigns to support our various product launches, we build a special connect with our prospective customers living in the catchments of our retail stores with various local marketing initiatives such as in-store events, road shows, exhibitions, etc.



# Investing in History Across New Geographies

TBZ - The Original delivers an extraordinary shopping experience to our customers which are seen as an integral part of its tradition. We believe in delighting our customers through unique shopping experience in addition to satisfying their jewellery needs with a diverse product mix, uncompromising quality and craftsmanship. Our innovative designs, beautifully crafted jewellery and our ability to create lasting customer relationships have enhanced our value proposition. As a key focus area, we train our employees in sales techniques and increase their product knowledge to maintain the high conversion rate.

In our traditional bastion of Western region, we have made a history that is punctuated by innovation, style, trust and transparency. Today, we are in the process of repeating this history across new geographies.

Our expansion plan follows the hub and spoke model with the hub stores located in High streets and the smaller spoke stores spread across high traffic locations across the city.

The large format hub stores admeasure 3,000 sq ft and above and offer a wider range at higher price points with a larger inventory. The small stores admeasure 1,000-1,500 sq ft and cater to lower price points with lower levels of inventory.



## Trending network across India

Maharashtra  
Aurangabad,  
Mumbai (Borivali, Churchgate,  
Ghatkopar, Santacruz, Zaveri Bazar),  
Nagpur, Pune, Thane, Vasai,  
Navi Mumbai.

West Bengal  
Kolkata (Camac Street, Kankurgachi)

Andhra Pradesh  
Hyderabad (Basheerbagh,  
Punjagutta), Vijaywada

Chhattisgarh  
Raipur

Madhya Pradesh  
Indore

Gujarat  
Ahmedabad, Bhavnagar,  
Gandhidham, Rajkot, Surat,  
Vadodara, Vapi

Rajasthan  
Udaipur

Kerala  
Kochi

## *Enduring on Substance, Innovative on Style*



Over the years, the purchase of jewellery is evolving; apart from the traditional necessity for weddings and as a popular form of investment, fashion jewellery segment, Platinum and Jadau jewellery is gaining popularity. With an increasing women work force and changing demographics of consumers, the demand for every day jewellery is escalating. TBZ - The Original's design team is now focussing on catering to the evolving aspirations of different age groups.

In the wedding jewellery segment, TBZ - The Original launched the refreshingly unique 'New Age Brides' wedding collection reflecting wedding specialist TBZ's unmatched prowess in innovative jewellery design and thereby giving a new dimension to bridal jewellery. For the collection, TBZ - The Original brought on board stylists to showcase innovative wedding looks to fulfil the innate needs of Indian brides, who are constantly seeking to balance tradition with modernism; indulgence with elegance; and style with sophistication.

### **TBZ design edge**

#### **Trending styles**

Gold Jewellery, Diamond Jewellery, Precious and Semi-Precious Stone Studed Jewellery, Platinum Jewellery, Loose Diamond Solitaires, Loose Precious and Semi-Precious Stones, Jadau Jewellery

#### **Trending occasions**

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



#### **Trending variety**

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



## *Trending Awards*

At TBZ - The Original, we have created a trend – one that not only wins the hearts and minds of our customers, but also accolades from the industry and its associations. The Awards that we won during the year include:

### **Awarded By MACCIA Award 2013 for Excellence in Entrepreneurship**

Gems & Jewellery



### **Awarded By Indian Jewellers Choice Design Awards**

Best Bridal Design between  
₹ 10,00,001 to ₹ 20,00,000



### **Awarded By Indian Jewellers Choice Design Awards**

Designer Jewellery  
under ₹ 5,00,000



## Awarded By Indian Jewellers Choice Design Awards

Editor's Choice Award  
Best Bridal Jewellery  
above ₹ 20,00,000



## Awarded By Asia Retail Congress

Retail Marketing  
Campaign of the year



## Awarded By Asia Retail Congress

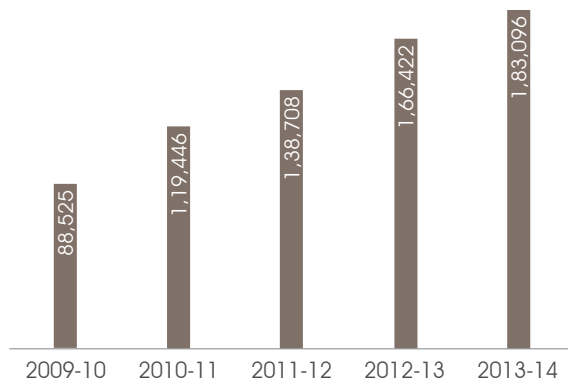
Best use of Social Media  
in Marketing



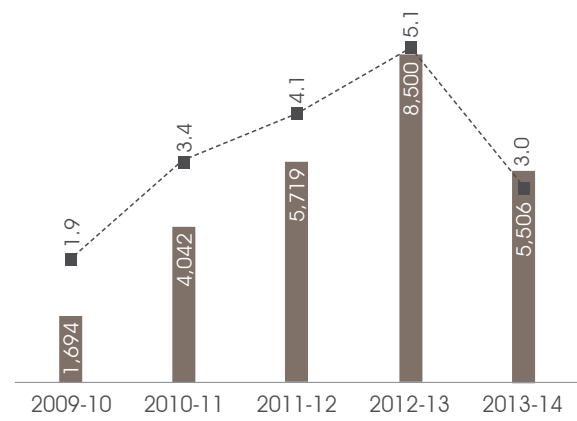
## 5-Year Financial Highlights



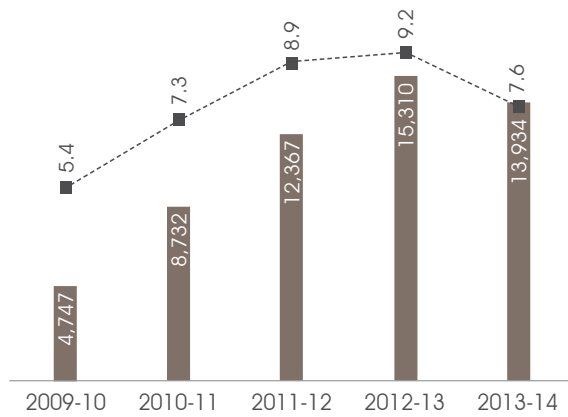
Total Income (₹ in Lakhs)



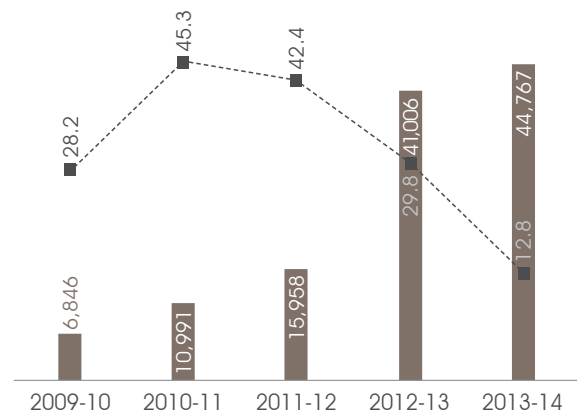
Profit After Tax (₹ in Lakhs) ■  
Profit After Tax Margin (in %) --■--



EBITDA (₹ in Lakhs) ■  
EBITDA Margin (in %) --■--

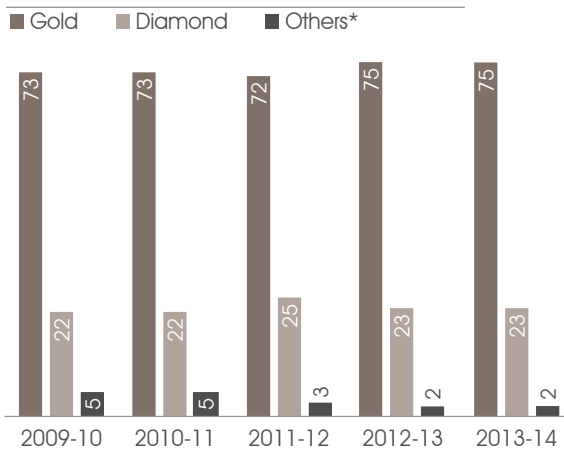


Net Worth (₹ in Lakhs) ■  
Return on Net Worth (in %) --■--



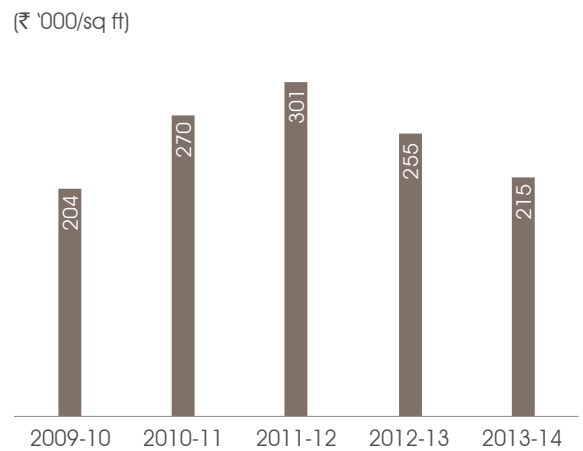


Sales Mix (%)

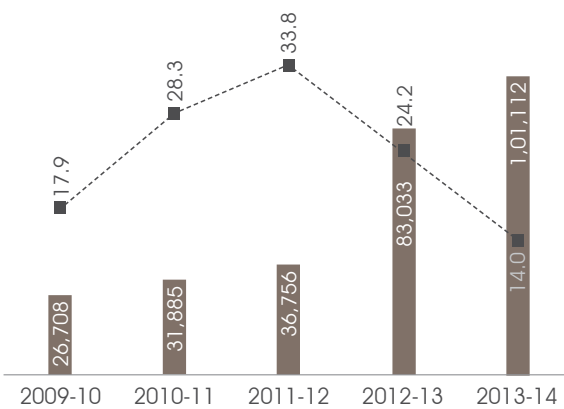


\* includes silver, platinum, jadau jewellery etc.

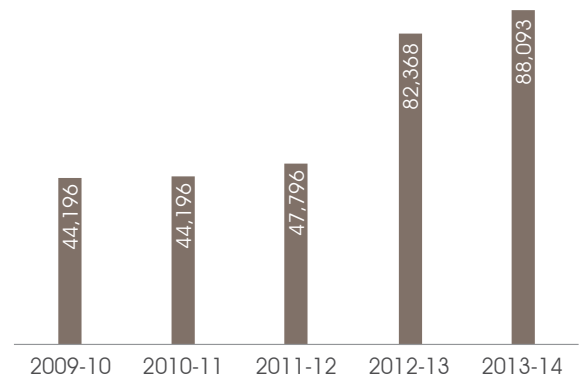
Average Revenue/sq ft (Annualised)



Capital Employed (₹ in Lakhs) ■  
Return on Capital Employed (in %) --■--



Retail Carpet Area (sq ft)



## *Board of Directors' Profile*



Shrikant Zaveri has completed his education up to matriculation. He has more than 32 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 holds a bachelor's degree in marketing and finance from Stern School of Business, New York. She joined the business in 2004 and has an experience around 10 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 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 6 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 31 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 2005-06.

## 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 26 years of experience with chemical, petrochemical, fertiliser, manufacturing and investment companies. He is presently the Managing Director of Deepak Nitrite 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 a 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 23 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

### ECONOMIC OVERVIEW

The latter half of the year 2013-14 saw global activities showing signs of strengthening, with much of the impetus coming from advanced economies. The positive movement is expected to further improve in 2014-15. In contrast, many emerging market economies were challenged with a less favourable external financial environment and domestic hurdles. Overall, global growth is projected to touch around 3.7% in 2014-15, and rise further to 3.9% in 2014-15, largely on account of recovery in advanced economies.

India saw the sharpest economic downturn in a decade due to a combination of slowing demand, high borrowing costs and stalled projects resulting from delays in securing mandatory government approvals. Lacklustre performance of the manufacturing and industrial sectors severely impacted industries dependent on domestic demand, right from metals, automobiles to capital goods and consumer durables. Fiscal profligacy, high interest rates and high inflation left very little headroom for the RBI to initiate a favourable growth-oriented interest rate regime, as it was imperative not to sacrifice long-term economic stability for short-term growth. The overall weakness in the economy impacted domestic sentiment, which resulted in subdued demand and consumption.

Currency fluctuations added to India's fiscal woes during the year, which proved to be a volatile period for the Indian rupee. The QE taper announcement in May 2013 hinted at a possible recovery in the US, which saw foreign investors flee Indian shores and park their money in the US. The impact on the Indian currency was telling, as it plunged to an intra-day low of 68.85 on 28<sup>th</sup> August, 2013, a fall of nearly 34% since the start of 2013-14. This fall, coming in the backdrop of high current account deficit, stalled reforms and the ensuing sluggishness in economic activity further depressed the economic scenario. This was followed by curbs on gold imports,

which subsequently reduced the demand for gold. However, being an unpopular move, this is unlikely to be sustainable in the longer run.

More recently, the pick-up in exports in recent months and measures to curb gold imports have contributed to lowering the current account deficit. Policy measures to bolster capital flows have further helped reduce external vulnerabilities. Overall, growth is expected to firm up on the back of policies supporting investment and thereby boosting confidence, as a result of the policy actions undertaken in the last quarter of the financial year. Consumer price inflation, which fell around December 2013, is also expected to further move downward even though it is expected to remain an important challenge in the months ahead.

As per IMF projections, India's growth is expected to recover from 4.7% in 2013-14 to 5.4% in 2014-15 following indications of turnaround on account of the GDP growth bottoming out. The near term outlook is clearly expected to improve, supported by better global growth, improving export competitiveness and implementation of recently approved investment projects. The formation of a strong and stable government at the Centre is further expected to augur well for India's economy, as it is likely to initiate much-needed reforms, galvanise investors and spur economic growth. With this positivity, India's growth rate is expected to increase to 6.4 per cent in 2014-15.

### INDUSTRY OVERVIEW

The Gems and Jewellery industry plays an important role in the Indian economy, given its ability to provide large-scale employment potential, ability to generate high foreign exchange and value addition to products.

- The industry provides direct employment to about 2.5 million people, which is

comparable to IT services and basic Iron & Steel manufacturing and Automotive production. It is estimated that the industry has the potential to generate an additional 0.7-1.5 million jobs over a period of 5 years.

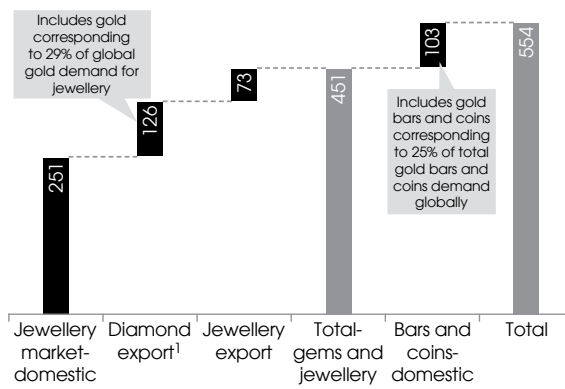
- The industry drove a product value addition of more than ₹ 99,000 Crores, which is on par with other large industries.
- Exports to the tune of ₹ 2,27,000 Crores were recorded by the industry in 2012-13, higher than textiles and apparel exports.

(Source: FICCI India Jewellery Review, 2013)

### Growing market size

India is home to a large gems and jewellery market, being uniquely positioned in terms of both demand and supply. According to a recent report by FICCI on the Indian Gems and Jewellery industry, the domestic market for the sector was pegged at ₹ 2,51,000 Crores in 2013 and has the potential to touch ₹ 5,00,000 – 5,30,000 Crores by 2018.

### Components of the Indian Gems and Jewellery industry (In ₹ '000 Crores)

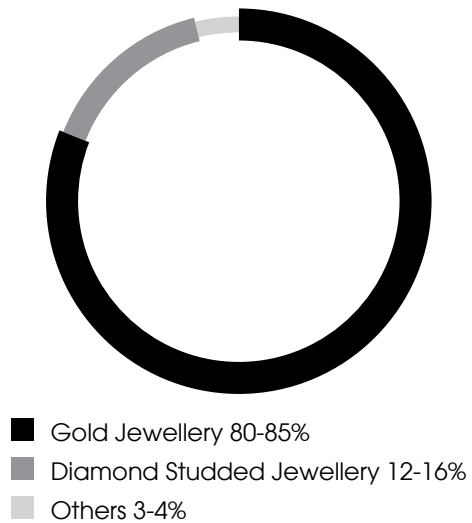


(Source: Ministry of Commerce, WGC; A.T. Kearney analysis)

### Segmentation of the Indian Gems and Jewellery market

As per the Industry and CARE Research Estimates, the Indian jewellery industry is led by Gold Jewellery, with 80-85% share, whereas Diamond Studded Jewellery constitutes about 12-16% of the share, with the remaining coming from other kinds of jewellery.

### Segmentation of Indian Jewellery



(Source: Industry and CARE Research Estimates)

### Industry structure

The demand in the country is a combination of purchase by retail consumers as well as investors for trading and price appreciation, respectively. The investment demand in India constitutes about 45% of the total market demand. About 57% of this comes from bars and coins, whereas the balance 43% comes from jewellery. The high investment demand is primarily determined by lack of investment alternatives in other financial instrument that hedge against inflation, ability to invest in smaller values compared to other instruments, marked high returns, etc.

On the other hand, i.e. the supply side, the value chain comprises imports, mining, refining, trading, manufacturing and retailing. The industry is highly fragmented, with a mix of players catering to the consumption and investment demand. The liberalisation steps taken by the Indian Government in the 1990s resulted in a shift from the unorganised to a more organised set of players, which has, in turn, led to greater transparency and adaption of higher quality and design standards. This has subsequently resulted in increment in the share of organised players, specifically that of regional players.

The supply side is also characterised by players that play the role of financing entity in the rural areas, which provides customers with options for investment and taking loan against gold as collaterals.

## Diamonds

As per a report published by ONCRA in November 2013, Changing Trends: Gems and Jewellery industry, India accounts for almost 50% of the supply of diamonds (comprising cut and polished diamonds, coloured gemstones, gold jewellery, pearls, non-gold jewellery and fashion jewellery) to international markets. India's Gems and Jewellery industry contributes nearly 55% in exports, 90% in volume and 80% of carats of the world's net exports of cut and polished diamonds. The research further states that every 11 out of 12 diamonds sold around the world are processed in India, irrespective of their mining locations.

## Gold

In India, gold and precious metal jewellery enjoys a pivotal position of prominence in the lives of people cutting across economic statuses, and it continued to fare well in 2013-14. Despite the prevailing poor sentiment, prices of precious metals dropped by a mere 3% in 2013-14 on account of rupee depreciation and higher custom duties; the decline was, however, still more than double from what was witnessed during the financial crisis of 2008. The prices stabilised towards the end of the fiscal, which was primarily led by decline in global prices, quantitative easing measures in the US, import restrictions imposed by India and subdued consumer sentiment for the yellow metal.

Gold enjoys the second highest share of imports in the country, and its share has increased from 6% in 2002-03 to 11% in 2012-13. The high proportion of imports has also been driven by incremental value appreciation in gold prices. The prices appreciated to ₹ 30,164 per 10 gms in 2012-13 from ₹ 5,332 per 10 gms in 2002-03, clocking a CAGR of 32% in value terms. As far as volumes are concerned, a CAGR of 5% has been recorded over the same period.

Gold exports could not keep pace with the increasing imports. This led to worsening of CAD (Current Account Deficit). In order to reduce the deficit, regulatory action has been taken to curb gold imports.

## Gold

Gold is known to act as an excellent hedge against high and sticky inflation. It has historically performed well against inflation in the long run. Gold has had a strong upward run for around a decade, leading up to 2012. The rally became all the more pronounced post the 2008 global financial crisis. As central banks around the world began their massive money printing exercise, the value of paper currencies began to decline and investors flocked to gold due to its safe haven status. In FY 2013, as the Fed unwound its quantitative easing programme, gold plunged globally. However, prices recovered in the first three months of 2014, as global prices rebounded following the crisis in Ukraine, falling bond yields and decline in the dollar, among others. Amid geopolitical tensions and economic uncertainty, gold is perceived to be the only tangible asset that will not lose its importance. The price is also expected to remain firm due to growing demand witnessed from China. It is estimated that China recorded 41% increase in gold consumption in the last year as gold prices fell.

### From the regulatory perspective

The Reserve Bank of India (RBI) enacted a series of measures to curb the amount of gold imported for domestic use, as it was looked upon as one of the critical factors in India's bludgeoning current account deficit. Some of the important measures include:

- Increment in import duty (to 10%)
- Discontinuation of consignment-based import / gold under lease by banks
- Enforcing of 20/80 principle (The 20/80 principle meant that all banks/nominated agencies had to ensure that at least a fifth of the imported gold should be exclusively made available for exports. This policy was aimed at effectively linking the actual exports made to the imports.)
- Mandating 100% upfront payment for bullion purchases - effectively dried up bullion supply and accentuated the price risks on unhedged inventory.

However, from the Indian consumers' point of view, the latent demand is expected to remain strong, which is reflected in the local price premiums above the international gold price. The demand over the medium and long term is expected to improve, based on easing up of macroeconomic fundamentals and reduced volatility in the gold prices. Also, strong cultural affinities with gold and favourable demographic factors are expected to further drive the demand, going forward.

## **INDUSTRY GROWTH DRIVERS**

### **Important saving and Investment tool**

Gold and jewellery acts as a natural hedge against rising inflation. More and more consumers have started realising this and adding gold and jewellery to their investment basket. This trend is further expected to provide fillip to the demand for gold and jewellery across the country.

### **Rising disposable income**

Jewellery is increasingly perceived as a lifestyle product and the demand for the sector has increased over the years, both domestically and internationally, because of the rising disposable income. It is further driven by the increasing purchasing power parity of the middle class and increasing income levels. Also, the number of double income households is on a rise.

### **Increasing women workforce**

Jewellery is said to be a woman's first love. With an increase in working women population and the resultant higher earning capacity, the demand for jewellery will also escalate.

### **Nurturing new talent**

Government is actively involved in taking adequate steps to set up various training institutes to attract quality talent and groom them into well-trained professionals. This will aid development of globally competitive workforce that will drive innovation, and will further enhance the country's presence in the world's jewellery markets.

## **Changing preferences**

Increased promotions and retailers have created more and more demand across age groups. The preferences are also changing. Today, the Indian consumer is looking at buying jewellery not only during special occasions as weddings and festivals, but otherwise as well, which will further lead to a surge in demand.

## **Increasing organised retail penetration**

The demand for jewellery is also poised to grow on account of organised players targeting aggressive store expansion plans, thus creating higher consumer awareness and expanding geographic reach. The expansion of organised retail will increase competitiveness, ultimately resulting in higher customer satisfaction.

## **Outlook of the Gems and Jewellery industry**

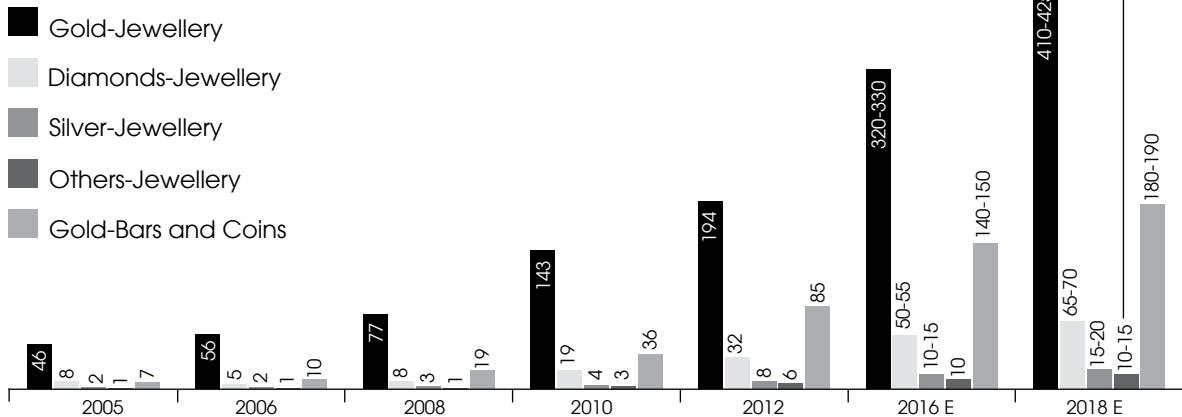
The sale of jewellery in the country is expected to experience higher growth rate in gems and jewellery consumption, based on the changing demographics that include the following:

- India's rich and affluent class numbers are expected to surpass the adult populations of many countries in the next decade or so.
- The Indian middle class population is expected to reach 41% of the country's total population by 2025.
- Per capita income is further expected to grow by 8-13% in the next 5 years.
- A shift is expected in the consumption baskets of customers to aspirational products from basic ones.

*(Source: FICCI-Technopak – Gems and Jewellery Report, 2013)*

The jewellery consumption demand is expected to touch ₹ 5,00,000 – 5,35,000 Crores by 2018. Adding to this, the investment demand in the form of bars and coins is also expected to reach about ₹ 1,80,000-1,90,000 Crores in 2018.

*(Source: FICCI – India Jewellery Review-2013)*

**Growth outlook (₹ '000 Crores)**

Source: World Gold Council, GFMS, Industry interviews, A.T. Kearney

**COMPANY OVERVIEW**

TBZ - The Original has a legacy that dates back to 149 years and 5 generations of the Zaveri family. Having begun operations as a family jeweller, it has, over the years, transitioned itself into a major marketer of branded gold and diamond studded jewellery, with a market presence in 21 cities and 8 states. It has 27 stores with a total of about 88,000 sq ft of retail space. Today, the Company is professionally managed and is a Corporatised Public Limited entity.

The Company is a major player in the wedding jewellery market and is known for its wide range of eclectic designs, fine craftsmanship and purity of gold and diamonds. TBZ has a team of 35 in-house designers and its own manufacturing facilities for jewellery production. Every year, the team launches 8-10 new jewellery lines that are new, unique and refreshing.

TBZ is a premium player in the jewellery market and earns its premium because of its extensive range of designs and its generations-old trust which it has nurtured through the years. Over the years, and across generations, for hundreds of thousands of families, a wedding always begins with an appointment at TBZ. This is a tradition that we are expressly spreading to new cities, new customers and new markets.

**Product basket**

- Gold Jewellery
- Diamond Jewellery
- Others – Silver, Platinum, Jadau Jewellery etc.

**Retail Expansion**

|                     | As on<br>31 <sup>st</sup> March, 2014 | As on<br>31 <sup>st</sup> March, 2013 |
|---------------------|---------------------------------------|---------------------------------------|
| Showrooms (nos)     | 27                                    | 25                                    |
| Cities (nos)        | 21                                    | 19                                    |
| Carpet area (sq ft) | 88,093                                | 82,368                                |

**FINANCIAL PERFORMANCE****Product-wise revenue contribution (₹ in Lakhs)**

| Product                                    | 2013-14     | 2012-13     | Growth (%) |
|--------------------------------------------|-------------|-------------|------------|
| Gold                                       | 1,40,423.02 | 1,24,183.14 | 13.08%     |
| Diamond                                    | 37,701.21   | 38,540.63   | -2.18%     |
| Others – Silver, Platinum, Jadau jewellery | 3,649.75    | 2,218.47    | 64.52%     |
|                                            | 1,81,773.98 | 1,64,942.24 | 10.20%     |

**Financial highlights**
**(₹ in Lakhs)**

| Particulars                                                               | 2013-14     | 2012-13     |
|---------------------------------------------------------------------------|-------------|-------------|
| Operating revenue                                                         | 1,82,434.10 | 1,65,833.77 |
| Gross profit                                                              | 30,848.60   | 31,302.57   |
| Earnings before finance cost, tax, depreciation and amortisation (EBITDA) | 13,933.71   | 15,310.25   |
| Finance cost                                                              | 4,634.97    | 2,149.42    |
| Depreciation and amortisation                                             | 999.33      | 804.37      |
| Profit before tax (PBT)                                                   | 8,299.41    | 12,356.46   |
| Profit after tax (PAT)                                                    | 5,505.89    | 8,500.10    |
| Basic Earnings per share (EPS) (₹)                                        | 8.26        | 13.04       |
| Dividend per share - Normal (₹)                                           | 1.50        | 2.25        |
| Dividend per share - Special (₹)                                          | 0.75        | Nil         |
| Networth                                                                  | 44,766.90   | 41,006.27   |
| Short-term borrowings (including working capital loans)                   | 54,691.23   | 39,448.41   |
| Working capital loans                                                     | 36,490.57   | 12,493.23   |
| Borrowings                                                                | 56,344.73   | 41,400.27   |
| Inventory                                                                 | 1,11,188.38 | 1,02,738.06 |
| Debtors                                                                   | 286.28      | 176.33      |
| Net block                                                                 | 9,564.33    | 8,926.50    |
| Cash & Bank balances                                                      | 7,285.45    | 3,162.44    |

**Operating revenue**

The total operating revenue of the Company has increased by 10.01% from ₹ 1,65,833.77 Lakhs in 2012-13 to ₹ 1,82,434.10 Lakhs in 2013-14. The increase in revenue primarily pertains to full year of operations of new showrooms added during the previous year. The increase is also attributed to higher sales emanating from the addition of new showrooms during the year under consideration.

**Gross profit**

The Company's Gross Profit decreased from ₹ 31,302.57 Lakhs in 2012-13 to ₹ 30,848.60 Lakhs in 2013-14 as a result of tactical discounts offered to customers which in turn contributed to higher footfalls.

**EBITDA**

The Company has witnessed a 9.88% decline in EBITDA from ₹ 15,310.25 Lakhs to ₹ 13,933.71 Lakhs in 2013-14. The decline is attributed to reduction in Gross Profit margins and increase in overheads on account of addition of new showrooms. The EBITDA margins stood at 7.61% despite several macroeconomic challenges faced in the year.

**PAT**

The Company witnessed a decline in PAT of 35.23% as compared to the previous year. The drop in the PAT margin was due to higher interest costs on account of gradual phasing out of low-cost gold loan model. The PAT has decreased from ₹ 8,500.10 Lakhs in 2012-13 to ₹ 5,505.89 Lakhs in 2013-14.

**Networth**

The Company's networth increased from ₹ 41,006.27 Lakhs, as on 31<sup>st</sup> March, 2013 to ₹ 44,766.90 Lakhs, as on 31<sup>st</sup> March, 2014.

**Reserves**

The Company's reserves increased from ₹ 34,339.60 Lakhs as on 31<sup>st</sup> March, 2013 to ₹ 38,096.50 Lakhs as on 31<sup>st</sup> March, 2014. It comprises of securities premium, general reserve and profit & loss account.

**Borrowings**

The Company's book debts as on 31<sup>st</sup> March, 2014, stood at ₹ 56,344.73 Lakhs, as compared to ₹ 41,400.27 Lakhs last year registering an increase of ₹ 14,944.46 Lakhs.

### Net Block

The Company's net block increased from ₹ 8,926.50 Lakhs, as on 31<sup>st</sup> March, 2013 to ₹ 9,564.33 Lakhs, as on 31<sup>st</sup> March, 2014. The addition was primarily on account of opening of two new showrooms.

### Inventories

The Company's inventories increased from ₹ 1,02,738.06 Lakhs as on 31<sup>st</sup> March, 2013 to ₹ 1,11,188.38 Lakhs as on 31<sup>st</sup> March, 2014. The increase in inventory is attributed to addition of new showroom during the year.

### RISKS AND CONCERNS

An increasingly competitive landscape and growing economic pressures pose serious challenges to the gems and jewellery business. In addition, there are several other internal and external risks which mandate the requirement of a comprehensive risk management policy. The Company's risk management policy adequately equips it to anticipate and identify these risks and to suitably counter them.

| Risk category                  | Description                                                                                                                                                                                                          | Mitigating factors                                                                                                                                                                                                                                                                                                                                                                                            |
|--------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Economic Risk</b>           | A bleak economic environment can seriously impact the business by cutting down on the spending power of consumers.                                                                                                   | The Company's premium offerings ensure that the demand for its jewellery is sustained even in a relatively negative economic environment.                                                                                                                                                                                                                                                                     |
| <b>Competition Risk</b>        | With an increasing number of new players entering the Indian gems and jewellery market, the business is becoming more and more competitive, which can adversely impact the Company's market share and profitability. | Powerful advertising and brand awareness campaigns continuously help strengthen the Company's brand recall value. The Company has a well defined marketing and retail strategy which is positioned to attract the aspirational and design seeking consumers in India, as proven in its ability to survive for over 150 years. It is well poised to set the benchmark for the industry for the next 150 years. |
| <b>Unorganised Market Risk</b> | The unorganised sector continues to be a part of this industry.                                                                                                                                                      | The Company's positioning is clearly defined – it does not address the value-seeking market but rather the hi-end niche, luxury-seeking designers. The Company, on the back of its legacy and track record of 150 years, has emerged as a creditable and trusted brand, thus retaining its leadership position in the market.                                                                                 |
| <b>Security Risk</b>           | Given the fact that jewellery is a precious and expensive commodity, the threat of loss and theft exists.                                                                                                            | The Company has in place a stringent security control system, comprising operational manuals with well laid out guidelines, panic alarms, smoke detectors, closed circuit television, night vision cameras, among others. Insurance of all its products and components also helps mitigate this key risk.                                                                                                     |
| <b>Regulatory Risk</b>         | Policy initiatives by the government, involving increased regulation on the industry in the form of duty and other taxes, can affect the Company's business.                                                         | The Company's pricing is far evolved and it is far beyond the basic metal or diamond costs. The Company's products command a premium on account of its sheer brand and design capabilities, which hedges its profitability.                                                                                                                                                                                   |

## HUMAN RESOURCES

Cognizant of the centrality of its employees to the success of its business, the Company is continuously investing in its human resources.

The Company's HR policies are aligned to the development of a healthy, performance led work culture, where merit is duly appreciated and rewarded. Monthly, quarterly and half-yearly reviews are employed to recognise outstanding performance by employees. Employee motivation is an area of continued focus by the Company, which believes in nurturing and growing talent.

Training of employees is an ongoing process, with training managers contributing to the process. The Company also collaborates with institutions and organisations, such as IIM Ahmedabad, World Gold Council, Platinum Guild India and the India, International Jewellery Society, to conduct special courses and workshops. The training process extends to the senior management, who participate in refresher courses and specialised training sessions. During the year 2013-14, 1,155 employees participated in 72 training sessions.

The Company has a strong hierarchical model, which consists of a dedicated team comprising CEO, ten functional heads, 61 showroom managers and assistant managers.

The Company's employee strength, as on 31<sup>st</sup> March, 2014, stood at 1,665. These included 1,122 employees at showrooms, 182 at manufacturing facilities and 361 as back office and corporate staff.

## ACCOUNTING POLICY

The Company has a fully compliant Accounting Policy based on the generally accepted accounting principles (GAAP). All the financial statements of the Company 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. The

Company further complies with all relevant provisions of the Companies Act, 1956, to the extent possible.

## INTERNAL CONTROL SYSTEMS

The Company's rigorous internal control systems are in line with global standards applicable to businesses of such size and nature. The systems provide reasonable assurance regarding the reliability and authenticity of all financial statements of the Company. A strong audit system is in place, which allows for periodic audits by the in-house audit team, as also by external auditors.

The Company's Audit Committee periodically reviews the audit observations and follows it up with suitable measures to ensure adherence to best practices in the reporting and recording of the transactions.

The Company ensures a high level of internal control through 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.

Proper budgeting processes and well defined corporate plans ensure that the Company is well placed to move confidently towards the realisation of its short and long-term goals.

## CAUTIONARY STATEMENT

*Certain statements in this Annual Report may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like fluctuations in demand-supply conditions in the domestic and overseas markets where the Company operates, changes in government regulations, tax laws, other statutes etc, and other incidental factors. Actual results could thus differ from those express or implied, as a result of these factors. The Company will not, in any way, be responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.*

## NOTICE

**Notice is hereby given that the Seventh 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 Wednesday, 24<sup>th</sup> September, 2014 at 3.30 p.m. to transact the following Business:**

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the financial statements of the Company for the year ended 31<sup>st</sup> March, 2014, including audited Balance Sheet as at 31<sup>st</sup> March, 2014, the Statement of Profit and Loss for the year ended on that date and 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, 2014.
3. To appoint a Director in place of Ms. Raashi Zaveri (DIN: 00713688), who retires by rotation and being eligible, offers herself for re-appointment.
4. 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 139 and all other applicable provisions of the Companies Act, 2013, M/s. B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W), Mumbai, as Statutory Auditors of the Company in place of M/s. B S R and Co (Firm Registration No. 128510W), Chartered Accountants, Mumbai, the retiring Statutory Auditors, to hold office from the conclusion of this Annual General Meeting, until the conclusion of fifth Annual General Meeting to be held after this meeting, subject to the ratification at every Annual General Meeting of the Company on such remuneration for the financial year ending 31<sup>st</sup> March, 2015, as shall be fixed by the Board of Directors."

### **SPECIAL BUSINESS:**

5. To appoint Mr. Kamlesh Vikamsey (DIN: 00059620) as an Independent Director 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 the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (the 'Act') read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Kamlesh Vikamsey (DIN: 00059620), Director of the Company liable to retire by rotation, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act, and who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five (5) consecutive years for a term up to 31<sup>st</sup> March, 2019, not liable to retire by rotation."

6. To appoint Mr. Sanjay Asher (DIN: 00008221) as an Independent Director 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 the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (the 'Act') read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Sanjay Asher (DIN: 00008221), Director of the Company liable to retire by rotation, who

has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act, and who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five (5) consecutive years for a term up to 31<sup>st</sup> March, 2019, not liable to retire by rotation."

7. To appoint Mr. Ajay Mehta (DIN: 00028405) as an Independent Director 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 the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (the 'Act') read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Ajay Mehta (DIN: 00028405), Director of the Company liable to retire by rotation, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act, and who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five (5) consecutive years for a term up to 31<sup>st</sup> March, 2019, not liable to retire by rotation."

8. To change term of appointment of Ms. Binaisha Zaveri (DIN: 00263657), Whole-time Director of the Company from Director not liable to retire by rotation to Director liable to retire by rotation 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 the provision Sections 152, 196, 197 and 203 and all other applicable provisions of the Companies Act, 2013, the approval of the Members of the Company be and is hereby accorded to change the term of appointment of Ms. Binaisha Zaveri (DIN: 00263657), Whole-time Director of the Company from the Director not liable to retire by rotation to the Director liable to retire by rotation shall not be deemed to constitute break in her tenure of a Whole-time Director.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

9. Reconfirmation of Borrowing Limits of ₹ 2,000 Crores of the Company and in this regard 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 Ordinary Resolution passed by the Members (under Section 293(1)(d) of the Companies Act, 1956) at the 6<sup>th</sup> Annual General Meeting of the Company held on 30<sup>th</sup> August, 2013 and pursuant to the provisions of Section 180(1)(c) and all other applicable provisions of the Companies Act, 2013, and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Members be and is hereby accorded to the Board of Directors 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 share capital and free reserves of the Company, 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 or Ms. Raashi Zaveri, Whole-time Directors of the Company be and is hereby severally authorized to file requisite Form 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. Approval of creation of mortgage and/ or charge over the assets of the Company in respect of borrowings and in this regard 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 Ordinary Resolution passed by the Members (under Section 293(1)(a) of the Companies Act, 1956) at the 6<sup>th</sup> Annual General Meeting of the Company held on 30<sup>th</sup> August, 2013, and pursuant to the provisions of Section 180(1)(a) and all other applicable provisions of the Companies Act, 2013, and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Members be and is hereby accorded to the 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 subject to the limits approved or as may be approved by the shareholders under Section 180(1)(c) of the Companies Act, 2013, 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 finalize, 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.”

For and on behalf of the Board of Directors

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

Place: Mumbai  
Date: 4<sup>th</sup> August, 2014

**Registered Office:**

241 / 43, Zaveri Bazar,  
Mumbai - 400 002, India.  
CIN No.: L27205MH2007PLC172598

**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. Pursuant to provision of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total share capital of the Company. Members holding more than ten percent of total share capital of the Company may appoint a single person as proxy who shall not act as proxy for any other member. The instrument of proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than forty-eight hours before the commencement

of the meeting. A proxy form is annexed to this Report. Proxies submitted on behalf of the limited companies, societies, etc., must be supported by an appropriate resolution/ authority, as applicable.

3. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Business to be transacted at the Annual General Meeting as set out in the Notice annexed hereto.
4. Corporate Members intending to send their Authorised Representative to attend and vote at the Meeting are requested to ensure that the Authorised Representative carries a duly certified true copy of the Board Resolution, Power of Attorney or such other valid authorisation, authorising him to attend and vote at the Meeting.
5. The documents referred to in the proposed resolutions are available for inspection at the Corporate Office of the Company situated at 1106 to 1121, 11<sup>th</sup> Floor, West Wing, Tulsiani Chambers, 212, Backbay Reclamation, Free Press Journal Road, Nariman Point, Mumbai - 400021 between 11.00 am to 1.00 pm on any working days except Saturdays, Sundays and Public Holidays up to the date of Annual General Meeting.
6. 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.
7. The Register of Members and Share Transfer Books of the Company will remain closed from **Saturday, 13<sup>th</sup> September, 2014 to Wednesday, 24<sup>th</sup> September, 2014 (both days inclusive)**.
8. Subject to the applicable provisions of the Companies Act, 2013, dividend on Equity Shares as recommended by the Board, if declared at the Annual General Meeting, will be paid/ dispatched commencing from 30<sup>th</sup> September, 2014 to those Members:
  - (a) whose names appear as Beneficial Owners as at the end of the business hours on 12<sup>th</sup> September, 2014 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 12<sup>th</sup> September, 2014.

Note: The Company has allotted 15,905 Equity Shares on Tuesday, 10<sup>th</sup> June, 2014 under 2<sup>nd</sup> tranche of 'TBZ ESOP, 2011' and the Company got Listing Approval to deal in these Equity Shares granted under 'TBZ ESOP, 2011' w.e.f. Wednesday, 18<sup>th</sup> June, 2014 from both the Stock Exchanges. The paid-up capital of your Company has increased from ₹ 667,039,950 to ₹ 667,199,000 (i.e. from 66,703,995 Equity Shares to 66,719,900 Equity Shares).

Due to increase in the Equity Shares by 15,905 Equity Shares and the paid-up share capital by ₹ 159,050 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 amounts to ₹ 41,868 (Rupees Forty One Thousand Eight Hundred Sixty Eight only), including dividend distribution tax of ₹ 6,082 (Rupees Six Thousand Eighty Two only); which comprises of normal dividend of ₹ 27,912 (Rupees Twenty Seven Thousand Nine Hundred Twelve only) including dividend distribution tax of ₹ 4,055 (Rupees Four Thousand Fifty Five only) and special dividend of ₹ 13,956 (Rupees Thirteen Thousand Nine Hundred Fifty Six only) including dividend distribution tax of ₹ 2,027 (Rupees Two Thousand Twenty Seven only) on the special occasion of completion of the 150<sup>th</sup> year of the organization for the financial year ended 31<sup>st</sup> March, 2014.

9. Share transfer documents and all other correspondence relating thereto, should be addressed to the Registrars and Share

Transfer Agents (R & T Agents) of the Company, Karvy Computershare Private Limited at Plot No. 17-24, Vithal Rao Nagar, Madhapur, Hyderabad – 500 081. Tel No: +91 (040) 4465 5000. Fax No: +91 (040) 2342 0814. E-Mail: [einward.ris@karvy.com](mailto:einward.ris@karvy.com). Website Add.: <https://karisma.karvy.com>.

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 dematerialized 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 72 of the Companies Act, 2013. Members desired to avail of this facility may send their nomination in the prescribed Form No. SH.13 duly filled in to the office of Karvy Computershare Private Limited, 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  
25, Phiroze Jeejeebhoy Towers, Dalal Street,  
Mumbai – 400 001

National Stock Exchange of India Ltd.  
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 2014 – 2015.

14. Non-Resident Members 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. The Company has designated an exclusive e-mail ID called [investors@tbzoriginal.com](mailto:investors@tbzoriginal.com) for redressal of Members' complaint/grievances. In case you have any queries/complaints or grievances, than please write to us at [investors@tbzoriginal.com](mailto:investors@tbzoriginal.com).
16. 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)).
17. 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.
18. 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.

19. Details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect to the Director retiring by rotation and seeking re-appointment/ appointment, appointment of Independent Directors and change in terms of appointment of Whole-time Director at the ensuing Annual General Meeting is attached hereto.

**Process for Members opting for e-voting is as under:**

**20. Voting through electronic means:**

Pursuant to Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 members can exercise their right to vote at the 7<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting facility made available by Company's Registrar & Share Transfer Agents, Karvy Computershare Private Limited ('KCPL' or 'Karvy'). The e-voting facility is available at the link <https://evoting.karvy.com>.

The instructions for e-Voting are as under:

- A.** Members whose e-mail ID(s) are registered with the Company's Registrar & Share Transfer Agents, Karvy Computershare Private Limited ('KCPL' or 'Karvy')/ Depository Participants

(NSDL/CDSL), The procedure to vote electronically is as under :

- (I) Click on the PDF file sent to you in the e-mail by the Company's Registrar & Share Transfer Agents, Karvy Computershare Private Limited (Karvy). The file will prompt for a password. Kindly input your Client ID or Folio No. as may be applicable in the box prompted for password. The said PDF file contains your user ID and password/PIN for e-Voting. Please note that this password is an initial password and for security purpose needs to be changed while doing first time login.
- (II) Launch internet browser by typing the following URL: <https://evoting.karvy.com>.
- (III) Click on Shareholder – Login.
- (IV) Enter user ID and password as initial password /PIN noted in step (i) above. Click login.
- (V) The Password Change Menu will appear on your screen. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (VI) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
- (VII) Select the "EVEN" (e-Voting Event Number) of Tribhovandas Bhimji Zaveri Limited.
- (VIII) Now you are ready for e-Voting as Cast Vote page opens.
- (IX) Cast your vote by selecting an appropriate option and click on "Submit" and also "Confirm" when prompted.
- (X) Upon confirmation, the message "Vote cast successfully" will be displayed.

(XI) Once you have voted on the resolution, you will not be allowed to modify your vote.

(XII) Corporate/ Institutional shareholders (i.e. other than individuals, HUFs, NRIs etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [pramodshah361@gmail.com](mailto:pramodshah361@gmail.com), with a copy marked to [evoting@karvy.com](mailto:evoting@karvy.com).

(XIII) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of <https://evoting.karvy.com> alternatively you can also contact [evoting@karvy.com](mailto:evoting@karvy.com) for any queries or grievances connected with e-voting service.

**B.** In case a Members receive physical copy of the Notice of AGM (i.e. the Members whose e-mail ID(s) are not registered with the Company's Registrar & Share Transfer Agents, Karvy Computershare Private Limited (Karvy)/ Depositories or request for a physical copy), the procedure to vote electronically is as under :

- (i) Initial password is provided in the following format in the E-voting instruction letter sent along with the Annual Report

| <b>EVEN</b><br><b>(E-Voting Event Number)</b> | <b>USER ID</b> | <b>PASSWORD/PIN</b> |
|-----------------------------------------------|----------------|---------------------|
|-----------------------------------------------|----------------|---------------------|

- (ii) Please follow all steps from Sr. No. (ii) to Sr. No. (xiii) of notes 20(A) above, to cast vote.

**C. Other Instructions:**

- (i) If you are already registered with Company's Registrar & Share Transfer Agents, Karvy

- Computershare Private Limited (Karvy) for e-Voting then you can use your existing user ID and password/PIN for casting your vote.
- (ii) You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending future communication(s).
  - (iii) The E-voting shall commence on Tuesday, 16<sup>th</sup> September, 2014 (9.00 a.m. IST) and ends on Thursday, 18<sup>th</sup> September, 2014 (6.00 p.m. IST). During this period, Members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, 8<sup>th</sup> August, 2014, may cast their vote electronically. The e-voting module shall be disabled by Karvy Computershare private Limited for voting thereafter. Once the vote on a resolution is cast by the shareholder, he/she shall not be allowed to change it subsequently. Electronic voting shall not be beyond the said date and time.
  - (iv) The voting rights of the Members shall be in proportion to their shares of the paid up equity shares capital of the Company as on the cut-off date of Friday, 8<sup>th</sup> August, 2014 and as per the Register of Members of the Company.
  - (v) Mr. Pramod Shah, Proprietor of M/s. Pramod S. Shah & Associates, Practising Company Secretaries (Membership No. FCS 334) has been appointed as the Scrutinizer to scrutinize that the e-voting process is conducted in a fair and transparent manner.
  - (vi) The scrutinizer shall, within a period not exceeding three (3) working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman & Managing Director of the Company.
  - (vii) The results declared alongwith the Scrutinizer's Report shall be placed on the Company's website [www.tbztheoriginal.com](http://www.tbztheoriginal.com) and on the websites of Company's Registrar & Share Transfer Agents, Karvy Computershare Private Limited (Karvy) <https://evoting.karvy.com> within two working days of passing of the resolutions at the 7<sup>th</sup> Annual General Meeting of the Company on Wednesday, 24<sup>th</sup> September, 2014 and communicated to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.
  - (viii) The resolution shall be deemed to be passed on the date of the AGM, subject to receipt of sufficient votes through a compilation of e-Voting results and voting held at AGM.
- For and on behalf of the Board of Directors
- Shrikant Zaveri**  
**Chairman & Managing Director**
- Place: Mumbai  
 Date: 4<sup>th</sup> August, 2014
- Registered Office:**  
 241 / 43, Zaveri Bazar,  
 Mumbai - 400 002, India.  
 CIN No.: L27205MH2007PLC172598

## DISCLOSURE PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

**Details of Directors retiring by rotation, seeking re-appointment and for change in term of appointment at the ensuing Annual General Meeting:**

| <b>Name of the Director</b>                                                                                                            | <b>Mr. Kamlesh Vikamsey</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>Mr. Ajay Mehta</b>                                                                                                 | <b>Mr. Sanjay Asher</b>                                                                                                                                                                                                                                                                                                                                                                                             |
|----------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date of Birth                                                                                                                          | 06.12.1960                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 28.07.1959                                                                                                            | 26.11.1963                                                                                                                                                                                                                                                                                                                                                                                                          |
| Date of Appointment                                                                                                                    | 26.08.2010                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 14.12.2010                                                                                                            | 14.12.2010                                                                                                                                                                                                                                                                                                                                                                                                          |
| Qualification                                                                                                                          | Bachelor's degree in Commerce from Mumbai University & is a Chartered Accountant                                                                                                                                                                                                                                                                                                                                                                                                                                          | Bachelor's degree of Science from Mumbai University & Master Degree in Chemical Engineering from University of Texas. | Bachelor's degree in Commerce & law from Mumbai University & also is a Chartered Accountant.                                                                                                                                                                                                                                                                                                                        |
| Expertise in specific functional area                                                                                                  | Accounting and finance, corporate advisory services                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Chemical, petrochemical, fertilizer, manufacturing & investment companies.                                            | Law & Corporate matters.                                                                                                                                                                                                                                                                                                                                                                                            |
| Directorships held in other Public Companies as on 31 <sup>st</sup> March, 2014 (excluding foreign Companies and Section 25 companies) | Navneet Education Ltd.<br>Ramky Infrastructure Ltd.<br>Aditya Birla Retail Ltd.<br>Neptune Developers Ltd.<br>Man Infraconstruction Ltd.<br>ApcoTex Industries Ltd.<br>GIC Housing Finance Ltd.<br><br><b>List of Subsidiary of Public Cos.:</b><br>Fabmall (India) Private Ltd.<br>H.A.S. Two Holdings Pvt. Ltd.<br>Trinethra Superretail Pvt. Ltd.<br>Terraforma<br>Agroprocessing (India) Pvt. Ltd.<br>Neptune Ventures and Developers Pvt. Ltd.<br>Electrotherm Renewables Pvt. Ltd.<br>Palace Solar Energy Pvt. Ltd. | Deepak Nitrite Ltd.                                                                                                   | Ashok Leyland Ltd.<br>Bajaj Allianz General Insurance Co. Ltd.<br>Bajaj Allianz Life Insurance Co. Ltd.<br>Balkrishna Industries Ltd.<br>Finolex Cables Ltd.<br>Finolex Industries Ltd.<br>Innoventive Industries Ltd.<br>Kryfs Power Components Ltd.<br>Mandhana Industries Ltd.<br>Repro India Ltd.<br>Sanghvi Movers Ltd.<br>Sharp India Ltd.<br>Shree Renuka Sugars Ltd.<br>Sudarshan Chemicals Industries Ltd. |

| Name of the Director                                                                                                                                                                                                                                | Mr. Kamlesh Vikamsey                                                                                                                                                                                                                                                                                                                                                                      | Mr. Ajay Mehta                                                                                                                                                                                | Mr. Sanjay Asher                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Chairmanships/<br>Memberships of the<br>Committee of the<br>Board of Directors of<br>the Company as on<br>31 <sup>st</sup> March, 2014                                                                                                              | Audit Committee –<br>Chairman                                                                                                                                                                                                                                                                                                                                                             | Shareholders’/<br>Investors’ Grievance<br>Committee<br>(Stakeholders<br>Relationship<br>Committee) -Chairman<br><br>Audit Committee –<br>Member                                               | NIL                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Chairmanships/<br>Memberships of the<br>Committees of other<br>Public Companies as<br>on 31 <sup>st</sup> March, 2014<br>a) Audit Committee<br><br>b) Shareholders’/<br>Investors’ Grievance,<br>Share Allotment<br>and Share Transfer<br>Committee | <b>Audit Committee:</b><br>Aditya Birla Retail Ltd.-<br>Member<br>Trinethra Superretail<br>Pvt. Ltd.- Member<br>Neptune Developers<br>Ltd.- Chairman<br>Man Infraconstruction<br>Ltd.- Member<br>Apcotex Industries Ltd.-<br>Member<br>GIC Housing Finance<br>Ltd.- Member<br><br><b>Share Transfer &amp;<br/>Investor Grievance<br/>Committee:</b><br>Neptune Developers<br>Ltd.- Member | <b>Audit Committee</b><br>NIL<br><br><b>Share Transfer<br/>Committee:</b><br>Deepak Nitrite Ltd.-<br>Member<br><br><b>Investor Grievance<br/>Committee:</b><br>Deepak Nitrite Ltd.-<br>Member | <b>Audit Committee:</b><br>Finolex Cables Ltd.-<br>Member<br>Repro India Ltd.-<br>Member<br>Ashok Leyland Ltd.-<br>Member<br>Shree Renuka Sugars<br>Ltd.- Chairman<br>Sharp India Ltd.-<br>Member<br>Mandhana Industries<br>Ltd.- Member<br><br><b>Share Transfer &amp;<br/>Investor Grievance<br/>Committee:</b><br>Finolex Cables Limited-<br>Member<br>Ashok Leyland Limited-<br>Chairman<br>Shree Renuka Sugars<br>Ltd.- Chairman<br>Sharp India Ltd.-<br>Chairman |
| Nos. of Shares held in<br>the Company                                                                                                                                                                                                               | NIL                                                                                                                                                                                                                                                                                                                                                                                       | NIL                                                                                                                                                                                           | 6,300                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

| Name of the Director | Ms. Binaisha Zaveri                                                                       | Ms. Raashi Zaveri                                                                                                                                                                  |
|----------------------|-------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date of Birth        | 28.12.1982                                                                                | 26.12.1986                                                                                                                                                                         |
| Date of Appointment  | 24.07.2007                                                                                | 01.07.2008                                                                                                                                                                         |
| Qualification        | Bachelor’s degree in Marketing<br>and Finance from Stern School of<br>Business. New York. | Bachelor’s degree in Finance and<br>entrepreneurship from Kelly School<br>of Business, Indiana University and<br>is a Graduate Gemologist from<br>Gemological Institute of America |

| <b>Name of the Director</b>                                                                                                                                                                                              | <b>Ms. Binaisha Zaveri</b>                                                                                                         | <b>Ms. Raashi Zaveri</b>                                                                                                         |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| Expertise in specific functional area                                                                                                                                                                                    | Company's Enterprise Resource Planning Systems and activity 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, 2014 (excluding foreign Companies and Section 25 companies)                                                                                   | Tribhovandas Bhimji Zaveri (Bombay) Ltd.<br>Konfiaance Jewellery Private Ltd.<br>(both are wholly owned subsidiary of the Company) | Tribhovandas Bhimji Zaveri (Bombay) Ltd.<br>(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, 2014                                                                                                  | Shareholders' / Investors' Grievance Committee (Stakeholders Relationship Committee) -Member                                       | Shareholders' / Investors' Grievance Committee (Stakeholders Relationship Committee) -Member                                     |
| Chairmanships/ Memberships of the Committees of other Public Companies as on 31 <sup>st</sup> March, 2014<br>a) Audit Committee<br>b) Shareholders' / Investors' Grievance, Share Allotment and Share Transfer Committee | NIL                                                                                                                                | NIL                                                                                                                              |
| Nos. of Shares held in the Company                                                                                                                                                                                       | 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 102 OF THE COMPANIES ACT, 2013 (THE 'ACT')**

### **Item No. 5 to 7**

#### **Appointment of Independent Directors for the period of five consecutive years upto 31<sup>st</sup> March, 2019:**

The Company had, pursuant to the provisions of Clause 49 of the Listing Agreement entered with the Stock Exchanges, appointed Mr. Kamlesh Vikamsey, Mr. Sanjay Asher and Mr. Ajay Mehta as Independent Directors of the Company at various times, in compliance with the requirements of the said clause and whose period of office were liable to be determined by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956.

As per the provisions of Section 149(4) of the Companies Act, 2013 (the 'Act'), which has come into force with effect from 1<sup>st</sup> April, 2014, every listed company is required to have at least one-third of the total number of Directors as Independent Directors. Further, Section 149(10) of the Act provides that the Independent Directors shall hold office for a term up to five consecutive years on the Board of a company and is not liable to retire by rotation pursuant to Section 149(13) read with Section 152 of the Act.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement which would be effective from 1<sup>st</sup> October, 2014 inter alia stipulates the conditions for the appointment of Independent Directors by a listed company.

The Board considered that their continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Kamlesh Vikamsey, Mr. Sanjay Asher and Mr. Ajay Mehta as Independent Directors. Accordingly, the Board has recommended the resolutions in relation to appointment of Mr. Kamlesh Vikamsey, Mr. Sanjay Asher and Mr. Ajay Mehta as Independent Directors for a term

of five consecutive years, from 1<sup>st</sup> April, 2014 upto 31<sup>st</sup> March, 2019 and shall not be liable to retire by rotation at every Annual General Meeting, for the approval of the Members.

Notices have been received from Member proposing candidature of the above Directors for the office of Independent Director of the Company. In the opinion of the Board, Mr. Kamlesh Vikamsey, Mr. Sanjay Asher and Mr. Ajay Mehta fulfil the conditions specified in the Companies Act, 2013 and Rules made thereunder and Clause 49 of the Listing Agreement for their appointment as Independent Directors of the Company and are independent of the management. The Company has received a declaration of independence from the aforesaid Independent Directors as prescribed under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement. A copy of the draft Letter of Appointment for Independent Directors, setting out terms and conditions of their appointment, is available for inspection without any fee by the Members at the Corporate Office of the Company during the normal business hours on any working day, excluding Saturday and is also available on the website of the Company [www.tbztheoriginal.com](http://www.tbztheoriginal.com).

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of the above Directors as Independent Directors is now being placed before the Members in General Meeting for their approval.

Brief profile of Mr. Kamlesh Vikamsey, Mr. Sanjay Asher and Mr. Ajay Mehta together with other details as required under Clause 49 of the Listing Agreement is forming part of this Notice.

None of the Directors, Key Managerial Personnel of the Company and their relatives, except Independent Directors for their respective appointment, are concerned or interested, financially or otherwise, in these resolutions. The Board commends the Ordinary Resolutions set out at Item No. 5 to 7 of the Notice for the approval of the Members.

#### Item No. 8

##### **To change term of appointment of Ms. Binaisha Zaveri (DIN: 00263657), Whole-time Director of the Company from Director not liable to retire by rotation to Director liable to retire by rotation:**

As per the provisions of Sections 152, 196, 197 and 203 and all other applicable provisions of the Companies Act, 2013, for the purpose of calculation of 'total number of directors' who are liable to retire by rotation, the Independent Directors will not be considered/ counted. At present the Company has three Executive Directors and three Independent Directors. At every Annual General Meeting of the Company, not less than two-third of the total number of directors whose period of office is liable to determination by retirement of directors by rotation, i.e. out of three Executive Directors, two Executive Directors should be liable to determination by retirement of directors by rotation. Out of which only one-third, i.e. one Executive Director will be liable to retire by rotation at every Annual General Meeting of the Company. At present only one Executive Director, viz. Ms. Raashi Zaveri, Whole-time Director of the Company is the only Director whose term is liable to retire by rotation and other two Executive Directors, viz. Mr. Shrikant Zaveri, Chairman & Managing Director and Ms. Binaisha Zaveri, Whole-time Director of the Company are the Directors not liable to retire by rotation as per the resolution passed at the Extra Ordinary General Meeting of the Company held on 12<sup>th</sup> January, 2011. As per applicable provisions of the Companies Act, 2013, the Company must have two-third of the Directors who are liable to retire by rotation, which are two Executive Directors in case of the Company.

In the light of the applicable provisions of the Companies Act, 2013, the Company needs to change term of appointment of Ms. Binaisha Zaveri, Whole-time Director of the Company from 'Director not liable to retire by rotation' to '**Director liable to retire by rotation**' with immediate effect, and all other terms and conditions of

appointment will remain unchanged and which shall not be constitute break in her tenure of a Whole-time Director.

None of the Directors, Key Managerial Personnel of the Company and their relatives, except Ms. Binaisha Zaveri herself and Mr. Shrikant Zaveri and Ms. Raashi Zaveri being her relatives, are concerned or interested, financially or otherwise, in these resolutions. The Board commends an Ordinary Resolution set out at Item No. 8 of the Notice for the approval of the Members.

#### Item No. 9 & 10

##### **Reconfirmation of the Borrowing limits of ₹ 2,000 Crores of the Company {Section 180(1)(c) of the Companies Act, 2013} and Approval of creation of Mortgage and/or Charge over the assets of the Company in respect of borrowings {Section 180(1)(a) of the Companies Act, 2013}:**

In terms of the provisions of Sections 180(1)(a) and 180(1)(c) of the Companies Act, 2013, the Board of Directors of the Company cannot, except with the consent of the Members by a Special Resolution in the General Meeting, borrow moneys, apart from temporary loans, in excess of aggregate of the paid up share capital and its free reserves {Section 180(1)(c)} nor the Board can create security and/or create mortgages and/or charges and/or hypothecations over the assets of the Company which would be required to secure aforesaid borrowings {Section 180(1)(a)}.

The above Section 180 of the Companies Act, 2013 corresponds to Section 293 of the Companies Act, 1956 under which the consent of the Members was required by Ordinary Resolution.

Accordingly, the Members of the Company had accorded consent by Ordinary Resolution to the Board of Directors for borrowing any sum or sums of money outstanding at any point of time, for the amount maximum upto ₹ **20,000,000,000 (Rupees Two Thousand Crores only)** (by way of Ordinary Resolution under Section 293(1)

(d) of the Companies Act, 1956) and to create security and/or create mortgages and/or charges and/or hypothecations over the assets of the Company to secure above borrowings (by way of Ordinary Resolution under Section 293(1) (a) of the Companies Act, 1956), both at the sixth Annual General Meeting of the Company held on 30<sup>th</sup> August, 2013.

Therefore, as per the provisions of Sections 180(1) (c) and 180(1)(a) of the Companies Act, 2013, it is proposed to reconfirm the limit of such borrowing powers of ₹ **20,000,000,000 (Rupees Two Thousand Crores only)** and approve creation of mortgage and/or charge on the aforesaid borrowings, by way of Special Resolution.

None of the Directors, Key Managerial Personnel of the Company and their relatives, are concerned or interested, financially or otherwise, in these resolutions. The Board commends the Special Resolutions set out at Item No. 9 & 10 of the Notice for the approval of the Members.

For and on behalf of the Board of Directors

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

Place: Mumbai

Date: 4<sup>th</sup> August, 2014

Registered Office:

241 / 43, Zaveri Bazar, Mumbai - 400 002, India.  
CIN No.: L27205MH2007PLC172598

## DIRECTORS' REPORT

To,  
The Members of

**Tribhovandas Bhimji Zaveri Limited,**

Your Directors are pleased to present the Seventh Annual Report on the business and operations of your Company together with the audited financial statements and Auditor's Report for the financial year ended 31<sup>st</sup> March, 2014:

### FINANCIAL RESULTS

The financial performance of your Company for the financial year ended 31<sup>st</sup> March, 2014 is summarised below:

(₹ in Lakhs)

| Particulars                                                                | Standalone Financials        |                              |
|----------------------------------------------------------------------------|------------------------------|------------------------------|
|                                                                            | 31 <sup>st</sup> March, 2014 | 31 <sup>st</sup> March, 2013 |
| Revenue from operations                                                    | 182,434.10                   | 165,833.77                   |
| Other Income                                                               | 661.62                       | 489.39                       |
| <b>Total Income</b>                                                        | <b>183,095.72</b>            | <b>166,323.16</b>            |
| Earnings before Finance Cost, Depreciation and Amortization                | 13,933.71                    | 15,310.25                    |
| Less:                                                                      |                              |                              |
| Finance Cost                                                               | 4,634.97                     | 2,149.42                     |
| Depreciation and Amortization                                              | 999.33                       | 804.37                       |
| <b>Net Profit for the year before Taxes</b>                                | <b>8,299.41</b>              | <b>12,356.46</b>             |
| <b>Less: Provision for Taxes</b>                                           |                              |                              |
| Current Tax                                                                | 2,942.00                     | 4,203.00                     |
| Deferred Tax Assets                                                        | -148.48                      | -180.83                      |
| (Excess)/ Short Provision for tax of earlier years                         | -                            | -165.81                      |
| <b>Profit after tax</b>                                                    | <b>5,505.89</b>              | <b>8,500.10</b>              |
| Add: Balance Brought Forward from Previous Year                            | 16,720.43                    | 10,825.26                    |
| Add: Employee Stock Options outstanding at the commencement of the year    | 71.83                        | 132.29                       |
| <b>Surplus Available for Appropriation</b>                                 | <b>22,298.15</b>             | <b>19,457.65</b>             |
| <b>Appropriations:</b>                                                     |                              |                              |
| Transfer to General Reserve                                                | 550.59                       | 850.01                       |
| Proposed Dividend                                                          | 1,500.84                     | 1,500.00                     |
| Dividend Tax                                                               | 255.06                       | 254.92                       |
| Equity Dividend including dividend distribution tax paid for earlier years | 0.98                         | -                            |
| <b>Total Appropriations</b>                                                | <b>2,307.47</b>              | <b>2,604.93</b>              |
| <b>Surplus Available after Appropriation</b>                               | <b>19,990.68</b>             | <b>16,852.72</b>             |
| Add: Addition/(reduction) on option granted                                | -46.98                       | -60.46                       |
| Add : Balance in Security Premium Account                                  | 16,752.20                    | 16,697.33                    |
| Add : Balance General Reserve                                              | 1,400.60                     | 850.01                       |
| Balance carried forward to Balance Sheet                                   | 38,096.50                    | 34,339.60                    |

## FINANCIAL PERFORMANCE

Your Company has reported revenue growth during the financial year 2013 - 2014. Total income increased to ₹ 183,095.72 Lakhs from ₹ 166,323.16 Lakhs in the previous financial year, at a growth rate of 10.08%. The profit before tax decreased to ₹ 8,299.41 Lakhs, down by 32.83% while net profit after tax decreased to ₹ 5,505.89 Lakhs, down by 35.23%.

Sale of Gold Jewellery increased by 13.08% to ₹ 140,423.02 Lakhs as compared to ₹ 124,183.14 Lakhs during the previous financial year. Sale of Diamond-studded Jewellery decreased by 2.18% to ₹ 37,701.21 Lakhs as compared to ₹ 38,540.63 Lakhs during the previous financial year.

The Gross Profit Margin for the financial year 2013 - 2014 has declined to 16.91% from 18.88% in the previous financial year. In the absolute term the Gross Profit has decreased by 1.45% to ₹ 30,848.60 Lakhs as compared to ₹ 31,302.57 Lakhs during the previous financial year.

The EBITDA for the financial year 2013 - 2014 has declined to 7.61% from 9.21% in the previous financial year.

During the current financial year, your Company has opened two new showrooms in two cities and two states totaling the number of showrooms to twenty seven in twenty one cities and eight states.

## DIVIDEND

Your Directors are pleased to recommend the total dividend of 22.50%, i.e. dividend of ₹ 2.25 (two rupees twenty five paise only) per equity share, which comprises of normal dividend of ₹ 1.50 (one rupee fifty paise only) per equity share of face value of ₹ 10 each i.e. 15 % (Previous year: ₹ 2.25 per equity share i.e. 22.50%) and special dividend of ₹ 0.75 (seventy five paise only) per equity share of face value of ₹ 10 each i.e. 7.50% on the special occasion of completion of the 150<sup>th</sup> year of the organization for the financial year ended 31<sup>st</sup> March, 2014.

The total outgo for the current financial year amounts to ₹ 175,590,763 (\*) (Rupees Seventeen Crores Fifty Five Lakhs Ninety Thousand Seven Hundred Sixty Three only) including dividend distribution tax of ₹ 25,506,774 (Rupees Two Crores Fifty Five Lakhs Six Thousand Seven Hundred

Seventy Four only) which comprises of normal dividend of ₹ 117,060,509 (\*) (Rupees Eleven Crores Seventy Lakhs Sixty Thousand Five Hundred Nine only) including dividend distribution tax of ₹ 17,004,516 (Rupees One Crore Seventy Lakhs Four Thousand Five Hundred Sixteen only) as compared to ₹ 175,590,763 (Rupees Seventeen Crores Fifty Five Lakhs Ninety Thousand Seven Hundred Sixty Three only) including dividend distribution tax of ₹ 25,506,774 (Rupees Two Crores Fifty Five Lakhs Six Thousand Seven Hundred Seventy Four only) during the previous financial year and special dividend of ₹ 58,530,254 (\*) (Rupees Five Crores Eighty Five Lakhs Thirty Thousand Two Hundred Fifty Four only) including dividend distribution tax of ₹ 8,502,558 (Rupees Eighty Five Lakhs Two Thousand Five Hundred Fifty Eight only) on the special occasion of completion of the 150<sup>th</sup> year of the organization for the financial year ended 31<sup>st</sup> March, 2014.

(\*) However, under the Employees Stock Option Scheme, viz. 'TBZ ESOP, 2011' the second tranche of 17,288 granted options are vested to the employee(s) and the vesting period opened from 9<sup>th</sup> May, 2014 to 8<sup>th</sup> June, 2014, where eligible employee(s) 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 19<sup>th</sup> May, 2014, approved the Audited Consolidated Financial Statements for the financial year 2013 - 2014 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 2013 - 2014, 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 2013 - 2014. A statement of summarized 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 2013 - 2014 there was no change in the Authorised Share Capital of your Company.

#### **CHANGES IN PAID-UP SHARE CAPITAL:**

During the financial year 2013 - 2014, the Paid-up Share Capital of your Company increased from ₹ 666,666,670 to ₹ 667,039,950 (i.e. from 66,666,667 Equity Shares to 66,703,995 Equity Shares), due to the fresh allotment of 37,328 Equity Shares made by your Company on 6<sup>th</sup> June, 2013 to the eligible employees who have exercised their Options under the 1st tranche of 'TBZ ESOP, 2011'.

#### **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 2013 - 2014, Tribhovandas Bhimji Zaveri (Bombay) Limited has reported a total revenue of ₹ 1,519.77 Lakhs, loss before tax of ₹ 80.21 Lakhs and net loss after tax of ₹ 70.31 Lakhs. Konfiaance Jewellery Private Limited is a non-operational company.

#### **PERFORMANCE/ STATE OF COMPANY'S AFFAIRS:**

As on 31<sup>st</sup> March, 2014, your Company was operating from twenty seven showrooms in twenty one cities and eight states and your Company has one Corporate Office at Tulsiani Chambers, Nariman Point.

During the year under review your Company has opened two new showrooms at Gandhidham (Gujarat) and Udaipur (Rajasthan).

#### **AWARDS & RECOGNITION:**

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

| Year | Awards                                                                                                                                                                                                                                             |
|------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2013 | 'MACCIA Award, 2013' towards Excellence in Entrepreneurship - Gems & Jewellery category                                                                                                                                                            |
| 2013 | Indian Jewellers (IJ) Awards {held in Jaipur (Rajasthan)} in three categories - (i) Designer Jewellery under ₹ 5,00,000, (ii) Best Bridal Design between ₹ 10,00,000/- to ₹ 20,00,000, (iii) Editor's Choice Award - Best Bridal over ₹ 20,00,000. |
| 2014 | Asia Retail Congress 2014 Awards in two categories - (i) Retail marketing campaign of the year - New Age Bride, (ii) Best use of social media in marketing - Band Baja Bride.                                                                      |

#### **NEW PRODUCT LAUNCH:**

Your Company has launched 'New Age Brides Wedding Collection'. The 'New Age Brides

Wedding Collection' takes into account that a wedding consists of multiple functions - each with its own style and look. The overall impact is an awe-inspiring Bridal Collection for fulfilling the innate needs of Indian brides, who are constantly seeking to balance tradition with modernism; indulgence with elegance; and style with sophistication.

### CREDIT RATING

During the year under review, CRISIL has reviewed the Credit Rating to the bank facilities of your Company, vide letter Ref. No. BS/BLR/TBZPL/MAY13/88638 dated 7<sup>th</sup> May, 2013 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)                           |

CRISIL has again reviewed the Credit Rating to the bank facilities of your Company, vide letter Ref. No. AC/CGS/TBZPL/JAN14/101690 dated 23<sup>rd</sup> January, 2014 which is stated as follows:

|                                  |                                                 |
|----------------------------------|-------------------------------------------------|
| Total Bank Loan Facilities Rated | ₹ 7,350 Million (Enhanced from ₹ 4,620 Million) |
| Long-Term Rating                 | CRISIL A- / Stable (Reaffirmed)                 |

### INCREASE IN INVENTORIES:

The inventory of your Company as on 31<sup>st</sup> March, 2014 has increased by ₹ 8,405.31 Lakhs as compared to the inventory on 31<sup>st</sup> March, 2013. The increase in inventory is due to the opening of two new showrooms during the year.

### OPERATIONS:

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

### RECENT DEVELOPMENT:

During the year under review your Company has opened two (2) new showrooms at Gandhidham (Gujarat) and Udaipur (Rajasthan).

### 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 ₹ 54.87 Lakhs (on account of allotment of 37,328 Equity Shares to employees who have exercised their option under 'TBZ ESOP, 2011) to Securities Premium Account and ₹ 550.59 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 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, Whole-time Director 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.

During the year under review, your Company has fixed the remuneration payable to Ms. Binaisha Zaveri and Ms. Raashi Zaveri, Whole-time Directors of your Company, for period of two years i.e. from 1<sup>st</sup> January, 2014 to 31<sup>st</sup> December, 2015 by way of a Special Resolution passed by Members in the 6<sup>th</sup> Annual General Meeting of your Company held on 30<sup>th</sup> August, 2013.

Ms. Raashi Zaveri who was Director - Finance of your Company was re-designated as the Whole-

time Director w.e.f. 19<sup>th</sup> March, 2014 on joining of the Chief Financial Officer of your Company w.e.f. 17<sup>th</sup> February, 2014.

In accordance with the provision of Section 152 and all other applicable provisions of the Companies Act, 2013, Independent Directors are not liable to retire by rotation and for the purpose of calculation of 'total number of Directors' who are liable to retire by rotation this shall not include Independent Directors. Mr. Shrikant Zaveri, Chairman & Managing Director and Ms. Binaisha Zaveri, Whole-time Director of your Company, are the Directors not liable to retire by rotation. Ms. Raashi Zaveri, Whole-time Director of your Company is the only Director who is liable to retire by rotation, untill the Members, by way of Ordinary Resolution in the ensuing Annual General Meeting of your Company give consent for changing the term of Ms. Binaisha Zaveri, Whole-time Director of your Company from Director not liable to retire by rotation, to Director liable to retire by rotation.

Ms. Raashi Zaveri, Whole-time Director of your Company, retires by rotation at the 7<sup>th</sup> Annual General Meeting and, being eligible, offers herself for re-appointment.

Pursuant to Sections 149, 152 and all other applicable provisions of the Companies Act, 2013, read with the Companies (Appointment and Qualification of Directors) Rules, 2014 along with Schedule IV of the Act (including any statutory modification(s) or re-enactment thereof for the time being in force), the Independent Directors can hold office for a term of five consecutive years on the Board of Directors of your Company. Accordingly, it is proposed to appoint the following existing Independent Directors as Independent Directors for five (5) consecutive years for a term upto 31<sup>st</sup> March, 2019, subject to approval of Members at the ensuing 7<sup>th</sup> Annual General Meeting of your Company.

1. Mr. Kamlesh Vikamsey;
2. Mr. Ajay Mehta; and
3. Mr. Sanjay Asher.

These Independent Directors shall not be liable to retire by rotation. All the above mentioned Independent Directors have given the declaration of Independence as per Section 149 (6) of the Companies Act, 2013.

#### **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, 2014 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 - ₹ 994.77 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 employee strength of 1,483 as on 31<sup>st</sup> March, 2014. 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 dematerialized 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 good practices with respect to transactions and financial reporting and ensures that all its assets are appropriately safeguarded and protected against losses. The Internal Auditor of your Company conducts 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 the cost structure, to prevent revenue leakages, to provide adequate financial and accounting controls and to 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 (Stakeholders Relationship Committee) to deal with the issue relating to investors. There were no investors' grievances pending as on 31<sup>st</sup> March, 2014. 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 Members through electronic mode. All the Members 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 share capital of your Company and 0.31% of the fully diluted post-Issue paid up equity share 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 Options 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.

On 6<sup>th</sup> June, 2013, your Company has allotted 37,328 Equity Shares to those employees who have exercised their options under first tranche of 'TBZ ESOP, 2011' out of total 38,843 vested Options under first tranche, and the balance of unexercised 1,515 Stock Options were lapsed and got cancelled. Your Company's additional 37,328 Equity Shares got Listed w.e.f. 11<sup>th</sup> June, 2013 on receipt of the Listing Approval from BSE Limited (BSE) and National Stock Exchange of India Limited (NSE), vide approval letter No. 20130610-11 dated 10<sup>th</sup> June, 2013 and letter No. NSE/LIST/206674-Q dated 11<sup>th</sup> June, 2013 respectively.

Before starting of the vesting period of the second tranche of the Options (i.e. from 9<sup>th</sup> May, 2014), out of balance four employees who left after grant of first tranche to whom ESOP were granted, two employees have resigned and the total 20,247 Options consisting of 10,812 Stock Options of ₹ 149.93 each and 9,435 Restricted Stock Units (RSUs) of ₹ 10 each, which were granted to these employees were cancelled. After the first tranche of allotment Equity Shares and cancellation of Options before starting of vesting period of second tranche, total net balance of 40,295 Options consisting of 24,572 Stock Options of ₹ 149.93 each and 15,723 Restricted Stock Units (RSUs) of ₹ 10 each, were yet to be exercised in second and third tranche of 'TBZ ESOP, 2011'.

In second tranche total 17,288 Options consisting of 12,285 Stock Options of ₹ 149.93 each and 5,003 Restricted Stock Units (RSUs) of face value of ₹ 10 each are due for exercise and for which vesting period has started on 9<sup>th</sup> May, 2014 and

will expire on 8<sup>th</sup> June, 2014. As on date of signing of the Directors' Report the eligible employees have yet not exercised their Options.

#### **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 Members does not contain any qualification.

#### **STATUTORY AUDITORS:**

M/s. B S R and Co (Firm Registration No. 128510W), Chartered Accountants, Mumbai, Statutory Auditors of your Company, hold office until the conclusion of the ensuing Annual General Meeting has expressed their unwillingness to continue as the Statutory Auditors of your Company.

The Board of Directors of your Company have, subject to approval of the Members, is proposing appointment of M/s. B S R & Co. LLP

(Firm Registration No. 101248W), Chartered Accountants, Mumbai as the Statutory Auditors of your Company for the balance term of four financial years from 2014 - 2015 to 2017 - 2018 in place of M/s. B S R and Co (Firm Registration No. 128510W) being the retiring Auditor.

A resolution proposing appointment of M/s. B S R & Co. LLP (Firm Registration No. 101248W), Chartered Accountants, Mumbai, as the Statutory Auditors of your Company pursuant to Section 139 of the Companies Act, 2013 forms part of the Notice.

Your Company has received a letter from M/s. B S R & Co. LLP (Firm Registration No. 101248W) Chartered Accountants, Mumbai as the Statutory Auditors, the appointment, if made, shall be within the limits prescribed under Section 141(3)(g) of the Companies Act, 2013 and they are not disqualified in terms of Section 141 of the Companies Act, 2013.

#### **ACKNOWLEDGEMENT:**

Your Directors place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment.

The Board place on record its appreciation for the support and co-operation your Company has been receiving from its 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

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

**Raashi Zaveri**  
**Whole-time Director**

Date: 19<sup>th</sup> May, 2014  
Place: Mumbai

## ANNEXURE TO DIRECTORS' REPORT

### Pre- IPO Employees Stock Option Scheme ('TBZ ESOP, 2011')

Statement as on 31<sup>st</sup> March, 2014 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                                                                                                                                                                             |                                                                                       | 2013 - 2014                                                                                                                                                                             |                                                                                       |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
|                                                                                                                                                                        | Stock Options                                                                                                                                                                           | Restricted Stock Units (RSUs)                                                         | Stock Options                                                                                                                                                                           | Restricted Stock Units (RSUs)                                                         |
| (a) Options granted (on 12 <sup>th</sup> January, 2011 - Pre IPO)                                                                                                      | 111,309                                                                                                                                                                                 | 97,124                                                                                | 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.<br>₹ 149.93 | Face Value of the Equity Share.<br><br>₹ 10                                           | 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.<br>₹ 149.93 | Face Value of the Equity Share.<br><br>₹ 10                                           |
| (c) Options vested                                                                                                                                                     | NIL                                                                                                                                                                                     | NIL                                                                                   | 17,690                                                                                                                                                                                  | 21,153                                                                                |
| (d) Options exercised                                                                                                                                                  | NIL                                                                                                                                                                                     | NIL                                                                                   | 16,175                                                                                                                                                                                  | 21,153                                                                                |
| (e) The Total number of shares arising as a result of exercise of options                                                                                              | NIL                                                                                                                                                                                     | NIL                                                                                   | 16,175                                                                                                                                                                                  | 21,153                                                                                |
| (f) Options lapsed (*) (Cumulative)                                                                                                                                    | 58,235                                                                                                                                                                                  | 50,813                                                                                | 70,562                                                                                                                                                                                  | 60,248                                                                                |
| (g) Variation of terms of options                                                                                                                                      | N.A.                                                                                                                                                                                    | N.A.                                                                                  | N.A.                                                                                                                                                                                    | N.A.                                                                                  |
| (h) Money realized by exercise of options                                                                                                                              | NIL                                                                                                                                                                                     | NIL                                                                                   | ₹ 2,425,117.75                                                                                                                                                                          | ₹ 211,530                                                                             |
| (i) Total number of options in force                                                                                                                                   | 53,074                                                                                                                                                                                  | 46,311                                                                                | 24,572                                                                                                                                                                                  | 15,723                                                                                |
| (j) Employee wise details of options granted                                                                                                                           | Please refer to Note No. 1                                                                                                                                                              | Please refer to Note No. 1                                                            | Please refer to Note No. 2                                                                                                                                                              | Please refer to Note No. 2                                                            |
| (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. 29.12 of Notes to Accounts of Standalone Financial Statement                                                                                                   | Please refer to Note No. 29.12 of Notes to Accounts of Standalone Financial Statement | Please refer to Note No. 29.12 of Notes to Accounts of Standalone Financial Statement                                                                                                   | Please refer to Note No. 29.12 of Notes to Accounts of Standalone Financial Statement |

| Particulars                                                                                                                                                                                                                                                                                                                                                                                                             | 2012 - 2013                                                                          |                                                                                                 | 2013 - 2014                                                                          |                                                                                                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                         | Stock Options                                                                        | Restricted Stock Units (RSUs)                                                                   | Stock Options                                                                        | Restricted Stock Units (RSUs)                                                                   |
| (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 recognized 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. 29.2 of Notes to Accounts of Standalone Financial Statement | Please refer to Note No. 29.2 of Notes to Accounts of Standalone Financial Statement            | Please refer to Note No. 29.2 of Notes to Accounts of Standalone Financial Statement | Please refer to Note No. 29.2 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 on 31 <sup>st</sup> March, 2013                          | Restricted Stock Units (RSUs) not exercised on 31 <sup>st</sup> March, 2013                     | Weighted average earning prices of ₹ 149.93. Weighted average fair values of ₹ 157   | Weighted average earning prices of ₹ 10. Weighted average fair values of ₹ 157                  |
| (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                                                                          | Intrinsic Value Method                                                               | Intrinsic Value Method                                                                          |
| (i) Risk-free interest rate                                                                                                                                                                                                                                                                                                                                                                                             | 8.03%                                                                                | 8.03%                                                                                           | 8.03%                                                                                | 8.03%                                                                                           |
| (ii) expected life (years) (from date of Listing of Equity Shares on Stock Exchanges)                                                                                                                                                                                                                                                                                                                                   | 3 years                                                                              | 3 years                                                                                         | 3 years                                                                              | 3 years                                                                                         |
| (iii) expected volatility                                                                                                                                                                                                                                                                                                                                                                                               | 0.00%                                                                                | 0.00%                                                                                           | 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. | 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. |

| Particulars                                                                    | 2012 - 2013                                 |                                                             | 2013 - 2014                                 |                                                             |
|--------------------------------------------------------------------------------|---------------------------------------------|-------------------------------------------------------------|---------------------------------------------|-------------------------------------------------------------|
|                                                                                | Stock Options                               | Restricted Stock Units (RSUs)                               | Stock Options                               | Restricted Stock Units (RSUs)                               |
| (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 | Not Listed at time of Stock Options granted | Not Listed at time of Restricted Stock Units (RSUs) granted |

- (f) (\*) Options lapsed were due to cancellation of Options on leaving the employment due to resignation by the eligible employees and also on non-exercise of options by the eligible employees.

#### NOTE NO. 1

##### (i) 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.**

**NOTE NO. 2**

**(j) Employee wise details of options granted (as on 31<sup>st</sup> March, 2014):**

(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                        | 13,105                     | 5,717                         |
| Mr. Divyesh Shah | Group Head- Retail | 17,200                 | 15,008                        | 11,467                     | 10,006                        |

(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: **None.**

(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

Date: 19<sup>th</sup> May, 2014  
Place: Mumbai

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

**Raashi Zaveri**  
**Whole-time Director**

## REPORT ON CORPORATE GOVERNANCE:

### 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 continues to lay great emphasis on the principles of Corporate Governance. Our pursuit towards achieving good governance is an on-going process. Your Company has complied with the requirements under 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 stakeholders' value and attaining the highest level of transparency. Your Company's philosophy on Corporate Governance is led by a strong emphasis on transparency, accountability and integrity and your Company has been practicing the principles of Corporate Governance since date of listing.

Your Company believes that all its operations and actions must serve the underlined goal of enhancing customers' satisfaction and stakeholders' value over a sustained period of time. All directors and employees are bound by a Code of Conduct that sets forth the Company's policy on important issues, including its relationship with customers, shareholders and Government.

### I. BOARD OF DIRECTORS:

- A. The composition of the Board of Directors represents a 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, 2014, 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. Saurav Banerjee has joined as Chief Financial Officer (CFO) of your Company w.e.f. 17<sup>th</sup> February, 2014 and Ms. Raashi Zaveri, Director – Finance of your Company was re-designated as Whole-time Director of your Company w.e.f. 19<sup>th</sup> March, 2014.

During the year, the Board comprised of Mr. Shrikant Zaveri, Chairman & Managing Director, Ms. Binaisha Zaveri and Ms. Raashi Zaveri, Whole-time Directors. 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 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 (7) Board Meetings were held on 28<sup>th</sup> May, 2013, 25<sup>th</sup> July, 2013, 8<sup>th</sup> August, 2013, 30<sup>th</sup> August, 2013, 12<sup>th</sup> November, 2013, 3<sup>rd</sup> January, 2014 and 4<sup>th</sup> February, 2014.

- 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 30.08.2013 | 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                              | Yes                                       | 1                                              | Nil                                                                   | Nil      |
| Ms. Raashi Zaveri     | WTD                      | 7                              | Yes                                       | 1                                              | Nil                                                                   | Nil      |
| Mr. Kamlesh Vikamsey  | ID                       | 7                              | Yes                                       | 14                                             | 6                                                                     | 1        |
| Mr. Ajay Mehta        | ID                       | 6                              | No                                        | 1                                              | 2                                                                     | Nil      |
| Mr. Sanjay Asher      | ID                       | 6                              | 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, **NED** - Non-Executive Director, **ID** - Independent Director.

Independent Directors have been paid Sitting Fees for attending the Board and Committee 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 and within the maximum limits approved by the members by way of Special Resolution in the Annual General Meeting dated 30<sup>th</sup> August, 2013. Your Company has not had any pecuniary relationship and transactions with any of the Independent Directors during the year.

The Leave of Absence was 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 and Ms. Raashi Zaveri, Whole-time Directors of your Company, being father and daughters, are related to each other.

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

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

Ms. Raashi Zaveri, Whole-time Director of your Company retiring by rotation is proposed to be re-appointed at the ensuing Annual General Meeting.

In accordance with the provision of Section 152 and all other applicable provisions of the Companies Act, 2013, Independent Directors are not liable to retire by rotation and for the purpose of calculation of 'total number of Directors' who are liable to retire by rotation this shall not include Independent Directors. Mr. Shrikant Zaveri, Chairman & Managing Director and Ms. Binaisha Zaveri; Whole-time Director of your Company, are the Directors not liable to retire by rotation. Ms. Raashi Zaveri, Whole-time Director of your Company is the only Director who is liable to retire by rotation, until the Members, by way of Ordinary Resolution in the ensuing Annual General Meeting of your Company give consent for changing the term of Ms. Binaisha Zaveri, Whole-time Director of your Company from Director not liable to retire by rotation, to Director liable to retire by rotation.

**F. Code of Conduct:**

The Board of Directors have adopted two Codes of Conduct ("the Codes") for the Board of Directors as well as for Senior Management and Employees of your Company. The Codes cover 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.

A copy of the Codes are available on your Company's website [www.tbztheoriginal.com](http://www.tbztheoriginal.com). The Codes has been circulated to Directors and Management Personnel, and its compliance is affirmed by them annually. A declaration to this effect duly signed by the Chief Executive Officer of your Company is annexed hereto.

**G. Remuneration Policy and details of Remuneration paid/ payable to Managing Director and Whole-time Directors for the year ended 31<sup>st</sup> March, 2014:**

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 the Chairman & Managing Director and to the Whole-time Directors. Salary is paid within the amount fixed by the shareholders. The Commission payable to the Chairman & Managing Director and Whole-time Directors are 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, 309 read with Schedule XIII and any other applicable provisions, if any, of the Companies Act, 1956.

The Commission amounts payable to Chairman & Managing Director and Whole-time Directors are based on the performance criteria laid down by the Board which broadly takes into account the profits earned by your Company for the financial year. The Remuneration Committee has not recommended any commission to any of Chairman & Managing Director and Whole-time Directors of your Company for the financial year 2013 - 2014. On the said recommendation of not declaring any commission by the members of Remuneration Committee, the Board of Directors has decided not declare any

commission for the financial year 2013 – 2014 to any of the Chairman & Managing Director and Whole-time Directors of your Company.

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

| Names of Managing Director / Whole-time Directors | Gross Salary (in ₹) | Commission (in ₹) | Perquisites (in ₹) | Retirement Benefits (in ₹) | Stock Option |
|---------------------------------------------------|---------------------|-------------------|--------------------|----------------------------|--------------|
| Mr. Shrikant Zaveri                               | 39,794,832          | -                 | -                  | -                          | -            |
| Ms. Binaisha Zaveri                               | 20,515,500          | -                 | -                  | -                          | -            |
| Ms. Raashi Zaveri                                 | 20,515,500          | -                 | -                  | -                          | -            |

#### 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 by way of Special Resolution at the Annual General Meeting of your Company held on 30<sup>th</sup> August, 2013, the Commission is paid at the rate not exceeding 1% per annum of the net profits of your Company (computed in accordance with Section 198, 309 and all other applicable provisions 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, 2014 are as follows:

| Names of the Independent Directors | Sitting Fees (In ₹) | Commission (*) (In ₹) |
|------------------------------------|---------------------|-----------------------|
| Mr. Kamlesh Vikamsey               | 190,000             | 1,000,000             |
| Mr. Ajay Mehta                     | 210,000             | 1,000,000             |
| Mr. Sanjay Asher                   | 130,000             | 1,000,000             |

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

(\*) gross amount, subject to tax and payable in financial year 2014 - 2015.

#### 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, 2014:

| Names of the Directors | No. of Shares held |
|------------------------|--------------------|
| Mr. Shrikant Zaveri    | 33,402,275         |
| 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 six (06) Committees:

- 1) Audit Committee;
- 2) Remuneration Committee (Nomination & Remuneration Committee);
- 3) Shareholders' / Investors' Grievance Committee (Stakeholders Relationship Committee);
- 4) IPO Committee (dissolved during the year),
- 5) Special Committee of the Board of Directors, and
- 6) Corporate Social Responsibility Committee (CSR Committee).

##### 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:

| <b>Name of the Members</b> | <b>Designation in the Committee</b> | <b>Nature of Directorship</b> |
|----------------------------|-------------------------------------|-------------------------------|
| Mr. Kamlesh Vikamsey       | Chairman                            | Independent Director          |
| Mr. Ajay Mehta             | Member                              | Independent Director          |
| Mr. Shrikant Zaveri        | Member                              | Chairman & Managing Director  |

The Audit Committee enjoys the 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 28<sup>th</sup> May, 2013, 8<sup>th</sup> August, 2013, 12<sup>th</sup> November, 2013 and 4<sup>th</sup> February, 2014.

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        |

In the Board Meeting dated 19<sup>th</sup> May, 2014 the members of the Board of Directors have approved and adopted additional terms of reference/ role of Audit Committee as per the provision of Section 177 of the Companies

Act, 2013 and as per the requirements of Clause 49 of the Listing Agreement.

## 2) Remuneration Committee (Nomination and 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 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, one Remuneration Committee meeting was held on 28<sup>th</sup> May, 2013.

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

| Name of the Members  | No. of Meetings |          |
|----------------------|-----------------|----------|
|                      | Held            | Attended |
| Mr. Ajay Mehta       | 1               | 1        |
| Mr. Kamlesh Vikamsey | 1               | 1        |
| Mr. Sanjay Asher     | 1               | 1        |

In the Board Meeting dated 19<sup>th</sup> May, 2014 the members of the Board of Directors have changed the name of 'Remuneration Committee' to '**Nomination and Remuneration Committee**' and have adopted additional terms of reference/ role of Nomination and Remuneration Committee as per the provision of Section

178 of the Companies Act, 2013 and as per the requirements of Clause 49 of the Listing Agreement.

## 3) Shareholders'/Investors' Grievance Committee (Stakeholders Relationship 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                       | Whole-time Director          |

The Company Secretary is the Secretary to the Committee.

During the year, four Shareholders' / Investors' Grievance Committee Meeting were held on 28<sup>th</sup> May, 2013, 8<sup>th</sup> August, 2013, 12<sup>th</sup> November, 2013 and 4<sup>th</sup> February, 2014.

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               | 3        |
| Ms. Raashi Zaveri   | 4               | 4        |

In the Board Meeting dated 19<sup>th</sup> May, 2014 the members of the Board of Directors have changed the name of 'Shareholders'/ Investors' Grievance Committee' to **'Stakeholders Relationship Committee'** and have adopted additional terms of reference/ role of Stakeholders Relationship Committee as per the provision of Section 178 of the Companies Act, 2013 and as per the requirements of Clause 49 of the Listing Agreement.

#### 4) IPO Committee (dissolved during the year):

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                       | Whole-time Director          |

The Company Secretary is the Secretary to the Committee.

No IPO Committee meeting was held in the financial year 2013 – 2014.

Your Company has received back 1% security deposit from BSE Limited on getting clearance from Securities Exchange Board of India (SEBI); which completes all the post IPO related formalities of your Company. The purpose or business for which the IPO Committee was constituted was over and your Company has dissolved the IPO Committee during the year.

#### 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 delegated 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                       | Whole-time Director          |

The Company Secretary is the Secretary to the Committee.

During the year, two Special Committee of Board of Directors Meetings were held on 6<sup>th</sup> May, 2013 and 31<sup>st</sup> January, 2014.

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 | 2               | 2        |
| Ms. Binaisha Zaveri | 2               | 2        |
| Ms. Raashi Zaveri   | 2               | 2        |

## 6) Corporate Social Responsibility Committee (CSR Committee):

The Corporate Social Responsibility Committee (CSR Committee) of the Board of Director was constituted vide Board Resolution dated 19<sup>th</sup> May, 2014 as per the requirements of the Section 135 and all other applicable provision of the Companies Act, 2013 and as per the rules prescribed under the Companies (Corporate Social Responsibility Policy) Rules, 2014, and as may be amended from time to time. The Corporate Social Responsibility Committee (CSR Committee) of the Board of Director was constituted to carry out the functions and duties as mentioned in the Section 135

and carry out any one or more activities as mentioned in Schedule VII of the Companies Act, 2013. The present committee consists of the following members:

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

The Company Secretary is the Secretary to the Committee.

## III. GENERAL BODY MEETINGS:

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

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

| Year      | Location of the Meeting                                                                                                            | Date                             | Time       |
|-----------|------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|------------|
| 2010-2011 | 228, Ground Floor, Mittal Chambers, Nariman Point, Mumbai – 400021.                                                                | 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.  |
| 2012-2013 | M. C. Ghia Hall, 4 <sup>th</sup> Floor, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai – 400 001.        | 30 <sup>th</sup> August, 2013    | 3.30 p.m.  |

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:

- Revision of Remuneration Structure and fixing of remuneration payable to Mr. Shrikant Zaveri, Chairman and Managing Director of the Company.
- 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'.

Three Special Resolutions were passed in the AGM held on 30<sup>th</sup> August, 2013 which are as follows:

- Commission to Non-Executive Directors.
- Fixing of remuneration payable to Ms. Binaisha Zaveri, Whole-time Director of the Company.
- Fixing of remuneration payable to Ms. Raashi Zaveri, Whole-time Director of the Company.

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

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

| Year      | Location of the Meeting                                             | Date                            | Time       |
|-----------|---------------------------------------------------------------------|---------------------------------|------------|
| 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. |

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. Special Resolution passed through Postal Ballot:

No special resolution was passed through postal ballot during the financial year 2013 – 2014. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through postal ballot.

## IV. SUBSIDIARY COMPANIES:

As on 31<sup>st</sup> March, 2014 your Company has 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.

## 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.

There were no materially significant related party transactions, pecuniary transactions or relationships between your Company and its Directors for the financial year ended 31<sup>st</sup> March, 2014 that may have a potential conflict with the interest of your Company at large.

All details relating to financial and commercial transactions where Directors may have a pecuniary interest are provided to the Board and the interested Directors neither participate in the discussion nor vote on such matters.

Transactions with related parties, as per the requirements of Accounting Standard 18, are disclosed in this Annual Report and they are not in conflict with the interest of your Company at large.

#### **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 mechanism to inform the Board Members about the Risk Assessment and Minimization 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. There were no instances of penalties or strictures imposed on your Company by the Stock Exchanges or SEBI or any other statutory authorities on any matter related to the capital market since date of listing.

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

During the year under review, there were no IPO proceeds left from the Public Issue. Your Company has fully utilized the IPO proceeds from the Public Issue during the financial year 2012 - 2013. IPO Proceeds were utilized for the purpose stated in the Prospectus and there are no deviations in utilization of funds from those stated in the Prospectus.

#### **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' as required under Clause 49 of the Listing Agreement;
- (ii) The following are also promptly displayed on your Company's website, viz. [www.tbzttheoriginal.com](http://www.tbzttheoriginal.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.

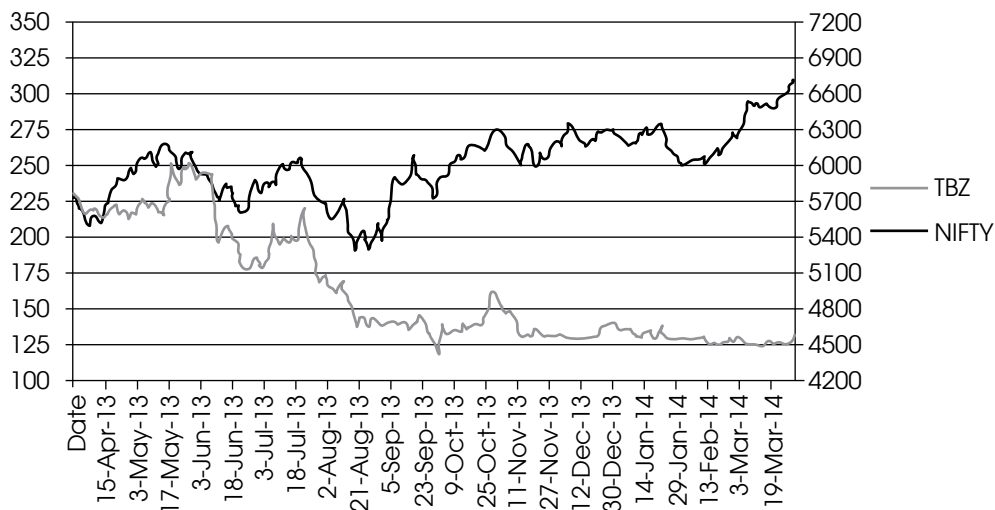
## VII. GENERAL SHAREHOLDERS INFORMATION:

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>i) Annual General Meeting</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Date and Time                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Wednesday, 24 <sup>th</sup> September, 2014 at 3.30 p.m.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Venue                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>M. C. Ghia Hall</b><br>4 <sup>th</sup> Floor, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai – 400 001.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>ii) Financial Calendar 2014 - 2015</b><br>(Tentative) Results<br>Unaudited Results for the quarter ending 30 <sup>th</sup> June, 2014<br>Unaudited Results for the quarter ending 30 <sup>th</sup> September, 2014<br>Unaudited Results for the quarter ending 31 <sup>st</sup> December, 2014<br>Audited Results for the year ending 31 <sup>st</sup> March, 2015<br>AGM for the approval of the Audited accounts for the year ended 31 <sup>st</sup> March, 2015<br>Financial Year | Meeting to be held on or before following dates:<br><br>On or before 14 <sup>th</sup> August, 2014<br><br>On or before 14 <sup>th</sup> November, 2014<br><br>On or before 14 <sup>th</sup> February, 2015<br><br>On or before 30 <sup>th</sup> May, 2015<br><br>On or before 30 <sup>th</sup> September, 2015<br><br>1 <sup>st</sup> April to 31 <sup>st</sup> March                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>iii) Book Closure Date</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 13 <sup>th</sup> September, 2014 to 24 <sup>th</sup> September, 2014 (both days inclusive)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>iv) Dividend payment date and dividend per Equity Share</b>                                                                                                                                                                                                                                                                                                                                                                                                                          | Dividend shall be paid to all the eligible shareholders from 30 <sup>th</sup> September, 2014 onwards.<br><br>The total dividend this year amounts to 22.50%, the Board of Directors having recommended a dividend of ₹ 2.25 (two rupees twenty five paise) per equity share, which comprises of normal dividend of ₹ 1.50 (one rupee fifty paise) per equity share of face value of ₹ 10 each i.e. 15 % (Previous year: ₹ 2.25 per equity share i.e. 22.50%) and special dividend of ₹ 0.75 (seventy five paise) per equity share of face value of ₹ 10 each i.e. 7.5% on the special occasion of completion of the 150 <sup>th</sup> year of the organization for the year ended 31 <sup>st</sup> March, 2014. The payment is subject to approval of shareholders at the ensuing Annual General Meeting of your Company. |
| <b>v) Listing on Stock Exchanges</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                    | The equity shares of your Company got listed on 9 <sup>th</sup> May, 2012 on:<br>BSE Limited (BSE), and<br>National Stock Exchange of India Limited (NSE).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>vi) Payment of Listing Fees</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Your Company has paid applicable Listing Fees to the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) for the financial years 2013 – 2014 and 2014 - 2015.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>vii) Payment of Custodial Fees</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Your Company has paid applicable custodial fees to Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL) for the financial years 2013 – 2014 and 2014 - 2015.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>viii) Stock Code/ Symbol:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Bombay Stock Exchange code:                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 534369                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| National Stock Exchange Symbol:                                                                                                                                                                                                                                                                                                                                                                                                                                                         | TBZ                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>ix) Dematerialization ISIN Number for NSDL &amp; CDSL</b>                                                                                                                                                                                                                                                                                                                                                                                                                            | INE760L01018                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>x) Corporate Identification Number (CIN No.)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                     | L27205MH2007PLC172598                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>xi) Outstanding GDR/ ADR/ Warrants or any convertible instruments, conversion date and impact on equity.</b>                                                                                                                                                                                                                                                                                                                                                                         | Your Company has not issued any GDRs/ ADRs/ Warrants or any other convertible instrument.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

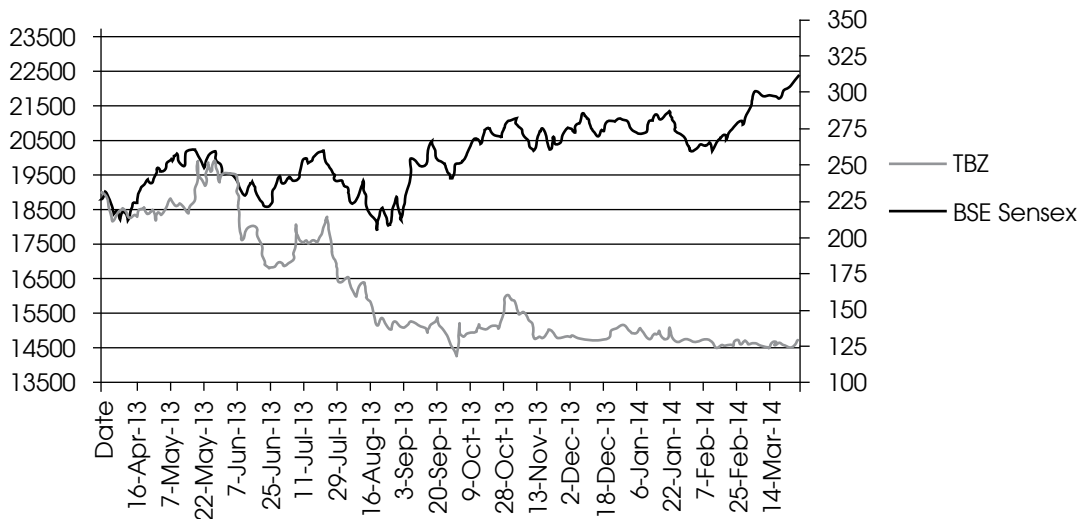
**xii) Stock Performance:****Market Price Data (High / Low) during each month of the financial year 2013 - 2014 at NSE & BSE:**

High, Low (based on closing prices) and number of shares traded during each month in the financial year 2013 - 2014 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 |
| April 2013     | 242.00                                         | 190.00  | 1,947,324                     | 240.80                              | 190.05  | 1,054,405                     |
| May 2013       | 261.80                                         | 191.10  | 2,209,714                     | 261.90                              | 213.30  | 964,187                       |
| June 2013      | 253.90                                         | 163.60  | 2,092,316                     | 253.80                              | 163.60  | 1,064,779                     |
| July 2013      | 226.95                                         | 158.00  | 3,708,010                     | 224.00                              | 158.30  | 1,709,371                     |
| August 2013    | 183.00                                         | 133.65  | 1,219,096                     | 183.85                              | 134.30  | 700,159                       |
| September 2013 | 152.40                                         | 124.00  | 1,069,556                     | 151.90                              | 124.00  | 526,953                       |
| October 2013   | 169.30                                         | 116.05  | 8,213,374                     | 169.10                              | 116.00  | 3,270,259                     |
| November 2013  | 168.90                                         | 128.10  | 4,741,976                     | 169.00                              | 128.55  | 1,876,622                     |
| December 2013  | 146.90                                         | 128.00  | 3,034,651                     | 146.80                              | 127.30  | 1,068,303                     |
| January 2014   | 143.00                                         | 125.70  | 3,702,006                     | 142.50                              | 125.10  | 1,276,746                     |
| February 2014  | 134.00                                         | 122.50  | 2,680,717                     | 133.70                              | 122.30  | 1,011,484                     |
| March 2014     | 132.50                                         | 123.00  | 2,408,772                     | 132.90                              | 123.40  | 999,813                       |

**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, 2014 are as under:

| Sr. No. | Nature of Complaints             | Pending as on 1 <sup>st</sup> April, 2013 | Received during the year | Disposed during the year | Pending as on 31 <sup>st</sup> March, 2014 |
|---------|----------------------------------|-------------------------------------------|--------------------------|--------------------------|--------------------------------------------|
| 1.      | Non Receipt of Annual Report     | -                                         | 5                        | 5                        | -                                          |
| 2.      | Non Receipt of Dividend Warrants | -                                         | 16                       | 16                       | -                                          |
| 3.      | Complaint on SEBI 'SCORE'        | -                                         | 2                        | 2                        | -                                          |
|         | <b>Total</b>                     | Nil                                       | 23                       | 23                       | Nil                                        |

There were no complaints which were pending as on 31<sup>st</sup> March, 2014.

### xiv) List of Top 10 Shareholders and the Distribution of Shareholding as on 31<sup>st</sup> March, 2014:

#### List of Top 10 Shareholders as on 31<sup>st</sup> March, 2014:

| Sr. No. | Name                                                          | Holding           | % of Shareholding |
|---------|---------------------------------------------------------------|-------------------|-------------------|
| 1       | Shrikant Gopaldas Zaveri                                      | 33,402,275        | 50.08%            |
| 2       | Binaisha Shrikant Zaveri                                      | 5,285,000         | 7.92%             |
| 3       | Raashi Zaveri                                                 | 4,572,500         | 6.85%             |
| 4       | Small Cap World Fund, INC                                     | 4,335,732         | 6.50%             |
| 5       | Bindu Shrikant Zaveri                                         | 3,500,000         | 5.25%             |
| 6       | HSBC Global Investment Funds A/C HSBC GIF Mauritius           | 2,785,024         | 4.18%             |
| 7       | Tribhovandas Bhimji Zaveri (TBZ) Private Limited              | 1,350,000         | 2.02%             |
| 8       | Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited | 1,350,000         | 2.02%             |
| 9       | ACACIA Partners, LP                                           | 878,509           | 1.32%             |
| 10      | Morgan Stanley Asia (Singapore) PTE                           | 548,081           | 0.82%             |
|         | <b>Total</b>                                                  | <b>58,007,121</b> | <b>86.96%</b>     |

**Distribution of Shareholding as on 31<sup>st</sup> March, 2014:**

| <b>Holding</b>    | <b>No. of Shareholders</b> |                           | <b>No. of Shares &amp; Amount</b> |                       |                     |
|-------------------|----------------------------|---------------------------|-----------------------------------|-----------------------|---------------------|
|                   | <b>No. of Holders</b>      | <b>% to Total Holders</b> | <b>Total Shares</b>               | <b>Amount in (₹ )</b> | <b>% to Capital</b> |
| 1-5000            | 10131                      | 91.02%                    | 1,064,575                         | 1,0,645,750           | 1.60%               |
| 5,001-10,000      | 503                        | 4.52%                     | 402,902                           | 4,029,020             | 0.60%               |
| 10,001-20,000     | 289                        | 2.60%                     | 440,449                           | 4,404,490             | 0.66%               |
| 20,001-30,000     | 60                         | 0.54%                     | 151,306                           | 1,513,060             | 0.23%               |
| 30,001-40,000     | 26                         | 0.23%                     | 93,410                            | 934,100               | 0.14%               |
| 40,001-50,000     | 19                         | 0.17%                     | 87,299                            | 872,990               | 0.13%               |
| 50,001-100,000    | 33                         | 0.30%                     | 231,170                           | 2,311,700             | 0.35%               |
| 100,001 and above | 69                         | 0.62%                     | 64,232,884                        | 642,328,840           | 96.29%              |
| <b>Total</b>      | <b>11,130</b>              | <b>100.00%</b>            | <b>66,703,995</b>                 | <b>667,039,950</b>    | <b>100.00%</b>      |

**xv) Shareholding Pattern by ownership as on 31<sup>st</sup> March, 2014 as compared with that of 31<sup>st</sup> March, 2013:**

| <b>Particulars</b>              | <b>As on 31<sup>st</sup> March, 2014</b> |                          |                           |                          | <b>As on 31<sup>st</sup> March, 2013</b> |                          |                           |                          |
|---------------------------------|------------------------------------------|--------------------------|---------------------------|--------------------------|------------------------------------------|--------------------------|---------------------------|--------------------------|
|                                 | <b>No. of share holder</b>               | <b>% of share holder</b> | <b>No. of shares held</b> | <b>% of shareholding</b> | <b>No. of share holder</b>               | <b>% of share holder</b> | <b>No. of shares held</b> | <b>% of shareholding</b> |
| Promoter Director               | 4                                        | 0.04%                    | 46,759,775                | 70.10%                   | 4                                        | 0.05%                    | 46,749,775                | 70.12%                   |
| Foreign Institutional Investors | 12                                       | 0.11%                    | 10,151,733                | 15.22%                   | 11                                       | 0.13%                    | 9,223,447                 | 13.84%                   |
| Resident Individuals            | 10,278                                   | 92.35%                   | 3,776,075                 | 5.66%                    | 7,616                                    | 91.48%                   | 4,542,741                 | 6.81%                    |
| Bodies Corporates               | 374                                      | 3.36%                    | 3,039,746                 | 4.56%                    | 342                                      | 4.11%                    | 3,108,458                 | 4.66%                    |
| Promoter Companies              | 2                                        | 0.02%                    | 2,700,000                 | 4.05%                    | 2                                        | 0.03%                    | 2,700,000                 | 4.05%                    |
| Non Resident Indians            | 117                                      | 1.05%                    | 68,736                    | 0.10%                    | 132                                      | 1.59%                    | 256,740                   | 0.39%                    |
| HUF                             | 207                                      | 1.86%                    | 98,837                    | 0.15%                    | 131                                      | 1.57%                    | 50,905                    | 0.08%                    |
| Clearing Members                | 132                                      | 1.19%                    | 95,280                    | 0.14%                    | 86                                       | 1.03%                    | 31,572                    | 0.05%                    |
| Indian Financial Institutions   | 1                                        | 0.01%                    | 10,277                    | 0.02%                    | 1                                        | 0.01%                    | 3,029                     | 0.00%                    |
| Banks                           | 1                                        | 0.01%                    | 2,700                     | 0.00%                    | 0                                        | 0.00%                    | 0                         | 0.00%                    |
| Trusts                          | 1                                        | 0.01%                    | 500                       | 0.00%                    | 0                                        | 0.00%                    | 0                         | 0.00%                    |
| Mutual Funds                    | 1                                        | 0.01%                    | 336                       | 0.00%                    | 0                                        | 0.00%                    | 0                         | 0.00%                    |
| <b>Total</b>                    | <b>11,130</b>                            | <b>100%</b>              | <b>66,703,995</b>         | <b>100.00%</b>           | <b>8,325</b>                             | <b>100%</b>              | <b>66,666,667</b>         | <b>100.00%</b>           |

#### xvi) Dematerialisation of Shares:

Your Company's Shares are compulsorily traded in dematerialized 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, 2014, 100% of the total

paid up capital, representing 66,703,725 Equity Shares were held in dematerialized form and the balance Nil% representing 270 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, 2014 are under:

| Particulars of Shares      | Shares of ₹ 10 each |                | Total Shares      |                |
|----------------------------|---------------------|----------------|-------------------|----------------|
|                            | No. of Shareholders | % of Total     | No. of Shares     | % of Total     |
| <b>Dematerialised Form</b> |                     |                |                   |                |
| NSDL                       | 7,257               | 65.20%         | 65,018,764        | 97.47          |
| CDSL                       | 3,871               | 34.78%         | 1,684,961         | 2.53           |
| <b>Sub-total</b>           | <b>11,128</b>       | <b>99.98%</b>  | <b>66,703,725</b> | <b>100%</b>    |
| Physical Form              | 2                   | 0.02%          | 270               | 0.00%          |
| <b>Total</b>               | <b>11,130</b>       | <b>100.00%</b> | <b>66,703,995</b> | <b>100.00%</b> |

#### xvii) Share Transfer System:

The share transfers/ transmissions are approved by the Shareholders' / Investors' Grievance Committee (Stakeholders Relationship 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, 2014.

Shares in physical form for transfer, should be lodged with the office of your Company's Registrar and Share Transfer Agent, Karvy Computershare Private Limited, Hyderabad at the address given below or at the Corporate Office of your 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 your 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, paid-up 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 dematerialized form (held with NSDL and CDSL).

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

In order to enable your Company to reduce the 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 (share application money) at the time of Initial Public Offer (IPO) of your

Company, details of the unclaimed IPO application amount (share application money) 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 at the beginning of the year i.e. 1 <sup>st</sup> April, 2013   | 2                      | 135              |
| 2       | Number of shareholders who approached issuer for transfer of shares from suspense account during the year;                                                | -                      | -                |
| 3       | Number of shareholders to whom shares were transferred from suspense account during the year;                                                             | -                      | -                |
| 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, 2014            | 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:

- 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, Vitthal Rao Nagar,  
 Madhapur, Hyderabad – 500 081.  
 Tel No: +91 (040) 4465 5000  
 Fax No: +91 (040) 2342 0814  
 E-Mail: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)  
 Website Add.: <https://karisma.karvy.com>  
 Contact Person: R. Chandra Sekher  
 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, 11<sup>th</sup> 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.  
 CIN No.: L27205MH2007PLC172598  
 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 seven showrooms operating as on 31<sup>st</sup> March, 2014. The addresses of the showroom forms part of Annexure to this report.

**xxvii) CEO / CFO Certification:**

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) have certified to the Board in accordance with Clause 49 V of the Listing Agreement pertaining to CEO/ CFO certification for the financial year ended 31<sup>st</sup> March, 2014, 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 2013 - 2014.

For and on behalf of the Board of Directors

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

**Raashi Zaveri**  
**Whole-time**  
**Director**

Date: 19<sup>th</sup> May, 2014  
 Place: Mumbai

## ANNEXURE TO REPORT ON CORPORATE GOVERNANCE

### Showroom Addresses:

#### Showrooms of your Company in operation as on 31<sup>st</sup> March, 2014:

| <b>Maharashtra</b>                                 |                                                                                                                                             |
|----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| 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.                       |
| <b>Gujarat</b>                                     |                                                                                                                                             |
| 12                                                 | Iscon Center, Shivrangani 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 Ltd., 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.                                                      |
| 18                                                 | Shop 4, 5 & 6, Ground Floor, Sunshine Arcade, Plot No. 59, Sector 8, Tagore Road, Near Lord's Hotel, Gandhidham, Kutch, Gujarat - 370201    |
| <b>Andhra Pradesh (Hyderabad &amp; Vijayawada)</b> |                                                                                                                                             |
| 19                                                 | 70 Greensland Road, Punjagutta, Hyderabad 500 082.                                                                                          |
| 20                                                 | Shop no I, Mogul's court, Basheerbagh, Hyderabad 500 001.                                                                                   |
| 21                                                 | Opp Gateway Hotel, M.G. Road, Labbipet, Vijayawada 520 010.                                                                                 |
| <b>Kerala (Kochi)</b>                              |                                                                                                                                             |
| 22                                                 | Jos Annexe Building, Jos Junction, Ernakullam, Kochi 682 016.                                                                               |
| <b>Madhya Pradesh (Indore)</b>                     |                                                                                                                                             |
| 23                                                 | 576 Laxmi Tower, M.G. Road, opp Treasure Island, Indore 452 001.                                                                            |
| <b>West Bengal (Kolkata)</b>                       |                                                                                                                                             |
| 24                                                 | Saraswati Niketan, 5 Camac Street, Kolkata 700 016.                                                                                         |
| 25                                                 | CIT Road, Scheme, VIM, Kankurgachi, Kolkata 700 054.                                                                                        |
| <b>Chhattisgarh (Raipur)</b>                       |                                                                                                                                             |
| 26                                                 | Shop No. 1, Ground Floor, Prem Store Premises, Malviya Road, Next to G.P.O., Raipur, Chhattisgarh 492 001.                                  |
| <b>Rajasthan (Udaipur)</b>                         |                                                                                                                                             |
| 27                                                 | Ground Floor and First Floor, Near Royal Motors, Panchwati, Plot No. 58, Udaipur 313 001.                                                   |

For and on behalf of the Board of Directors

**Shrikant Zaveri**  
Chairman & Managing Director

**Raashi Zaveri**  
Whole-time Director

Date: 19<sup>th</sup> May, 2014

Place: Mumbai

**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 Saurav Banerjee, Chief Financial Officer 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, 2014 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: 19<sup>th</sup> May, 2014  
Place: Mumbai

**Prem Hinduja**  
**Chief Executive Officer**

**Saurav Banerjee**  
**Chief Financial Officer**

**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, 2014.

For **Tribhovandas Bhimji Zaveri Limited**

**Prem Hinduja**  
**Chief Executive Officer**

Date: 19<sup>th</sup> May, 2014

Place: Mumbai

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**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 2014, 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.

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

**Vijay Mathur**  
Partner  
Membership No: 046476

Mumbai  
19 May 2014

# INDEPENDENT AUDITOR'S 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 2014 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").
3. 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

4. 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.
5. 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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.

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

## Opinion

7. 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 2014;
  - (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
  - (c) 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

8. 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.
9. As required by section 227(3) of the Act, we report that:

- (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (b) in our opinion proper books of account as required by law have been kept by the Company so far as 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 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.
- 

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

**Vijay Mathur**  
Partner  
Membership No.: 046476

Mumbai  
19 May 2014

## ANNEXURE TO AUDITORS' REPORT

### 31 MARCH 2014

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 nil.
- (b) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies, firms or 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.
- (c) Loans granted to the companies listed in the register maintained under Section 301 of the Act are interest free and repayable on demand. According to the information and explanations given to us, the loans demanded have been recovered during the year.
- (d) 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 five companies and three other parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was ₹ 1423.85 lakhs and the year-end balance of such loans was ₹ 100.19 lakhs.
- (f) In our opinion, the terms and conditions on which loans have been taken from companies listed in the register maintained under Section 301 of the Act are not, prima facie, prejudicial to the interest of the Company.
- (g) The loans taken from companies covered in the register maintained under Section 301 of the Act are repayable on demand. Since the parties have not called back all the loans, we are unable to comment on the regularity of repayment of principal by the Company.
- 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.
- 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 2014 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.

| <b>Name of the Statute</b>  | <b>Nature of the Dues</b> | <b>Amount (₹ in lakhs)</b> | <b>Period to which the amount relates</b> | <b>Forum where dispute is pending</b> |
|-----------------------------|---------------------------|----------------------------|-------------------------------------------|---------------------------------------|
| Kerala Value Added Tax 2010 | Value added tax           | 36.99                      | 2009-10                                   | Deputy Commissioner of Sales Tax      |
| Income Tax Act, 1961        | Income tax                | 73.75                      | 2009-10                                   | Commissioner of Income Tax Appeals    |
| Income Tax Act, 1961        | Income tax                | 68.01                      | 2010-11                                   | Commissioner of Income Tax Appeals    |

- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>ix. 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.</p> <p>x. 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 and financial institutions. The Company did not have any outstanding dues to any debenture holders during the year.</p> <p>xi. 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.</p> <p>xii. 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.</p> <p>xiii. 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.</p> <p>xiv. According to the information and explanations given to us, the Company</p> | <p>has not given any guarantee for loans taken by others from banks or financial institutions.</p> <p>xv. 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.</p> <p>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.</p> <p>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.</p> <p>xix. The Company did not have any outstanding debentures during the year.</p> <p>xx. The Company has not raised any money by public issues.</p> <p>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.</p> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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

**Vijay Mathur**  
Partner  
Membership No.: 046476

Mumbai  
19 May 2014

## BALANCE SHEET

### AS AT 31 MARCH 2014

(Currency: ₹ in Lakhs)

|                                                        | Notes | 31 March 2014 | 31 March 2013 |
|--------------------------------------------------------|-------|---------------|---------------|
| <b>EQUITY AND LIABILITIES</b>                          |       |               |               |
| <b>(1) Shareholders' Funds</b>                         |       |               |               |
| (a) Share Capital                                      | 3     | 6,670.40      | 6,666.67      |
| (b) Reserves and Surplus                               | 4     | 38,096.50     | 34,339.60     |
|                                                        |       | 44,766.90     | 41,006.27     |
| <b>(2) Non-Current Liabilities</b>                     |       |               |               |
| (a) Long-term borrowings                               | 5     | 1,653.50      | 1,951.86      |
| (b) Other Long Term Liabilities                        | 6     | 54.00         | 54.00         |
| (c) Long Term Provisions                               | 7     | 574.12        | 572.17        |
|                                                        |       | 2,281.62      | 2,578.03      |
| <b>(3) Current Liabilities</b>                         |       |               |               |
| (a) Short Term Borrowings                              | 8     | 54,691.23     | 39,448.41     |
| (b) Trade Payables                                     | 9     | 7,991.55      | 17,162.46     |
| (c) Other Current Liabilities                          | 10    | 19,747.61     | 15,262.89     |
| (d) Short Term Provisions                              | 11    | 2,090.28      | 2,662.89      |
|                                                        |       | 84,520.67     | 74,536.65     |
| <b>TOTAL ASSETS</b>                                    |       | 131,569.19    | 118,120.95    |
| <b>(1) Non-Current Assets</b>                          |       |               |               |
| (a) Fixed Assets                                       | 12    |               |               |
| (i) Tangible Assets                                    |       | 9,212.18      | 8,417.28      |
| (ii) Intangible Assets                                 |       | 193.35        | 345.08        |
| (iii) Capital work-in-progress                         |       | 158.80        | 164.14        |
|                                                        |       | 9,564.33      | 8,926.50      |
| (b) Non-current Investments                            | 13    | 302.62        | 302.62        |
| (c) Deferred tax assets (net)                          | 14    | 667.58        | 519.11        |
| (d) Long Term Loans and Advances                       | 15    | 1,185.21      | 1,006.41      |
|                                                        |       | 2,155.41      | 1,828.14      |
| <b>(2) Current Assets</b>                              |       |               |               |
| (a) Inventories                                        | 16    | 111,188.38    | 102,738.06    |
| (b) Trade Receivables                                  | 17    | 286.28        | 176.33        |
| (c) Cash and Bank balances                             | 18    | 7,285.45      | 3,162.44      |
| (d) Short-term loans and advances                      | 19    | 853.40        | 1,267.03      |
| (e) Other Current Assets                               | 20    | 235.94        | 22.45         |
|                                                        |       | 119,849.45    | 107,366.31    |
| <b>TOTAL</b>                                           |       | 131,569.19    | 118,120.95    |
| Significant Accounting Policies                        | 2     |               |               |
| Notes are 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

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

**Vijay Mathur**  
Partner  
Membership No: 046476

**Shrikant Zaveri**  
Chairman and Managing Director

**Raashi Zaveri**  
Whole-time Director

**Saurav Banerjee**  
Chief Financial Officer

**Niraj Oza**  
Company Secretary

Place : Mumbai  
Date : 19 May 2014

Place : Mumbai  
Date : 19 May 2014

# STATEMENT OF PROFIT AND LOSS

## FOR THE YEAR ENDED 31 MARCH 2014

Currency: ₹ in Lakhs)

|                                                                               | Notes | 31 March 2014 | 31 March 2013 |
|-------------------------------------------------------------------------------|-------|---------------|---------------|
| <b>INCOME</b>                                                                 |       |               |               |
| <b>Revenue from operations</b>                                                |       |               |               |
| Sale of product                                                               | 21A   | 181,773.98    | 164,942.24    |
| Other operating revenue                                                       | 21B   | 660.12        | 891.53        |
|                                                                               |       | 182,434.10    | 165,833.77    |
| Other income                                                                  | 22    | 661.62        | 489.39        |
| <b>Total revenue</b>                                                          |       | 183,095.72    | 166,323.16    |
| <b>EXPENSES</b>                                                               |       |               |               |
| Cost of raw materials and components consumed                                 | 23    | 140,889.01    | 156,274.38    |
| Purchase of traded goods                                                      | 24    | 19,777.83     | 26,290.82     |
| Changes in inventories of finished goods and traded goods                     | 25    | (9,081.34)    | (48,034.00)   |
| Employee benefits                                                             | 26    | 6,141.21      | 5,510.32      |
| Other expenses                                                                | 27    | 11,435.30     | 10,971.39     |
| Depreciation and amortisation                                                 | 12    | 999.33        | 804.37        |
| Finance costs                                                                 | 28    | 4,634.97      | 2,149.42      |
| <b>Total expenses</b>                                                         |       | 174,796.31    | 153,966.70    |
| <b>Profit before tax</b>                                                      |       | 8,299.41      | 12,356.46     |
| <b>Less: Tax expense</b>                                                      |       |               |               |
| - Current tax                                                                 |       | 2,942.00      | 4,203.00      |
| - Excess provision pertaining to earlier years                                |       | -             | (165.81)      |
| - Deferred tax                                                                | 14    | (148.48)      | (180.83)      |
| <b>Total tax expense</b>                                                      |       | 2,793.52      | 3,856.36      |
| <b>Profit for the year</b>                                                    |       | 5,505.89      | 8,500.10      |
| Earnings per equity share (Nominal value of share ₹ 10 (31 March 2013: ₹ 10)) | 29.12 |               |               |
| Basic                                                                         |       | 8.26          | 13.04         |
| Diluted                                                                       |       | 8.25          | 13.03         |
| Significant Accounting Policies                                               | 2     |               |               |
| Notes are 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

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

**Vijay Mathur**  
Partner  
Membership No: 046476

**Shrikant Zaveri**  
Chairman and Managing Director

**Raashi Zaveri**  
Whole-time Director

**Saurav Banerjee**  
Chief Financial Officer

**Niraj Oza**  
Company Secretary

Place : Mumbai  
Date : 19 May 2014

Place : Mumbai  
Date : 19 May 2014

## CASH FLOW STATEMENT

### FOR THE YEAR ENDED 31 MARCH 2014

Currency: ₹ in Lakhs)

|                                                                    | 31 March 2014 | 31 March 2013 |
|--------------------------------------------------------------------|---------------|---------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                      |               |               |
| Net profit before tax                                              | 8,299.41      | 12,356.46     |
| <b>Adjustments for:</b>                                            |               |               |
| Depreciation and amortisation                                      | 999.33        | 804.37        |
| Finance costs                                                      | 4,634.97      | 2,149.42      |
| Employee stock options scheme (net)                                | (14.74)       | (60.46)       |
| Foreign exchange gain (net)                                        | (41.33)       | (0.04)        |
| Interest income on deposits                                        | (464.92)      | (223.90)      |
| Interest income on income tax refund                               | -             | (44.87)       |
| Loss on sales of fixed assets                                      | 2.90          | 11.90         |
| Dividend income                                                    | (0.01)        | (17.80)       |
| Bad debts written off                                              | 12.43         | -             |
| Assets written off                                                 | 44.32         | -             |
| <b>Operating cash flow before working capital changes</b>          | 13,472.36     | 14,975.07     |
| <b>Movements in working capital</b>                                |               |               |
| (Increase)/Decrease in trade receivables                           | (122.38)      | 123.72        |
| (Increase) in inventories                                          | (8,450.32)    | (52,548.35)   |
| Decrease/(Increase) in current assets and loans and advances       | 350.83        | (743.27)      |
| (Decrease)/Increase in trade payables                              | (9,129.58)    | 8,444.74      |
| Increase in current liabilities and provisions                     | 8,501.33      | 3,923.61      |
| <b>Cash generated / (used) from operations</b>                     | 4,622.24      | (25,824.47)   |
| Income taxes paid                                                  | (3,721.00)    | (4,514.70)    |
| <b>Net cash generated / (used) from operating activities (A)</b>   | 901.24        | (30,339.17)   |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                      |               |               |
| Purchase of fixed assets                                           | (1,835.55)    | (4,511.03)    |
| Proceeds from sale of fixed assets                                 | 1.33          | 1.78          |
| Bank deposits (having original maturity of more than three months) | (4,209.51)    | (1,833.50)    |
| Investments in mutual funds                                        | (0.01)        | (0.11)        |
| Dividend received                                                  | 0.01          | 17.80         |
| Interest received on deposits                                      | 464.92        | 223.90        |
| <b>Net cash used in investing activities (B)</b>                   | (5,578.81)    | (6,101.16)    |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                      |               |               |
| Proceeds from borrowings                                           | 11,169.05     | 21,043.13     |
| ESOP granted                                                       | 26.37         | -             |
| Dividend paid                                                      | (1,500.98)    | -             |
| Dividend distribution tax paid                                     | (254.92)      | -             |
| Proceeds from IPO                                                  | -             | 20,000.00     |

## CASH FLOW STATEMENT

### FOR THE YEAR ENDED 31 MARCH 2014

Currency: ₹ in Lakhs)

|                                                                                                                                                                                                                                                                                                              | 31 March 2014   | 31 March 2013    |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|------------------|
| Expenses incurred for raising IPO                                                                                                                                                                                                                                                                            | -               | (1,636.00)       |
| Finance cost paid                                                                                                                                                                                                                                                                                            | (4,634.97)      | (2,149.42)       |
| <b>Net cash generated from financing activities (C)</b>                                                                                                                                                                                                                                                      | <b>4,804.55</b> | <b>37,257.71</b> |
| <b>Net increase in cash and cash equivalents (A+B+C)</b>                                                                                                                                                                                                                                                     | <b>126.98</b>   | <b>817.38</b>    |
| <b>Cash and cash equivalent at beginning of year (refer note below)</b>                                                                                                                                                                                                                                      | <b>1,034.65</b> | <b>217.26</b>    |
| <b>Cash and cash equivalent at end of year (refer note below)</b>                                                                                                                                                                                                                                            | <b>1,161.63</b> | <b>1,034.64</b>  |
| <b>Notes to cash flow statement</b>                                                                                                                                                                                                                                                                          |                 |                  |
| 1. Components of cash and cash equivalents:                                                                                                                                                                                                                                                                  |                 |                  |
| Cash on hand                                                                                                                                                                                                                                                                                                 | 805.12          | 438.45           |
| Balances with banks - on current accounts                                                                                                                                                                                                                                                                    | 356.51          | 596.19           |
|                                                                                                                                                                                                                                                                                                              | <b>1,161.63</b> | <b>1,034.64</b>  |
| 2 The above cash flow statement has been prepared using the "indirect method" as 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

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

**Vijay Mathur**  
Partner  
Membership No: 046476

**Shrikant Zaveri**  
Chairman and Managing Director

**Raashi Zaveri**  
Whole-time Director

**Saurav Banerjee**  
Chief Financial Officer

**Niraj Oza**  
Company Secretary

Place : Mumbai  
Date : 19 May 2014

Place : Mumbai  
Date : 19 May 2014

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

#### 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 27 show rooms located across India.

The Company successfully completed its Initial Public Offer during the year ended 31 March, 2013 for ₹ 20,000 lakhs by fresh issue of 16,666,667 equity 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

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

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 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. 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 and 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.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

#### 2.5 Impairment of assets

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 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

"Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realised within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments" in consonance with the current/non-current classification scheme of revised Schedule VI."

"Long-term investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment."

"Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments i.e., equity shares, preference shares, convertible debentures etc."

"Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss."

#### 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 stone at weighted average costs; and
- ii) in case of diamond jewellery, jadau jewellery, Platinum diamond jewellery at specific cost.
- iii) in case of watches, model wise weighted average cost.
- iv) in case of packing material at weighted average cost. The same has been

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

inventorised and expensed based on actual consumption of the packing material.

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.

“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.”

#### Derivative instruments

The Company uses derivatives to hedge its foreign currency risk exposure relating to firm commitments and highly probable transactions. In accordance with the relevant announcement of the Institute of Chartered Accountants of India, the company provides for losses in respect of such outstanding derivative contracts at the balance sheet date by marking them to market. Net gain, if any, is not recognised. The contracts are aggregated category-wise, to determine the net gain/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

The Company makes regular contributions to the Provident Fund at the prescribed rates. Provident fund are recognized when the liability to contribute to the provident fund arises under the respective Acts.

##### Defined benefit plans

Gratuity

The Company's gratuity benefit scheme is an funded defined contribution plan. The

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

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. The trustee administers 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 loses arising from experience adjustment and changes in actuarial assumption are recognized in the Statement of Profit and Loss in the period in which they arise.

#### Other long-term employee benefits

##### 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

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

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 and 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

#### 2.14 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

### AS AT 31 MARCH 2014

(Currency: ₹ in Lakhs)

|                                                                              | 31 March 2014 | 31 March 2013 |
|------------------------------------------------------------------------------|---------------|---------------|
| <b>3 SHARE CAPITAL</b>                                                       |               |               |
| <b>Authorised</b>                                                            |               |               |
| 75,000,000 (31 March 2013: 75,000,000) equity shares of ₹ 10 each            | 7,500.00      | 7,500.00      |
|                                                                              | 7,500.00      | 7,500.00      |
| <b>Issued, subscribed and paid-up</b>                                        |               |               |
| 66,703,995 (31 March 2013: 66,666,667) equity shares of ₹ 10 each fully paid | 6,670.40      | 6,666.67      |
|                                                                              | 6,670.40      | 6,666.67      |

**Note :****a Employee stock options**

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company refer note 29.2.

**b Reconciliation of the shares outstanding at the beginning and at the end of the year**

| Equity shares                                                        | 31 March 2014 |            | 31 March 2013 |            |
|----------------------------------------------------------------------|---------------|------------|---------------|------------|
|                                                                      | No. of shares | ₹ in Lakhs | No. of shares | ₹ in Lakhs |
| At the beginning of the year                                         | 66,666,667    | 6,666.67   | 50,000,000    | 5,000.00   |
| Shares issued under IPO                                              | -             | -          | 16,666,667    | 1,666.67   |
| Shares issued on exercise of employee stock option (refer note 29.2) | 37,328        | 3.73       | -             | -          |
| At the end of the year                                               | 66,703,995    | 6,670.40   | 66,666,667    | 6,666.67   |

**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 2014 |            | 31 March 2013 |            |
|--------------------------------------------------------------------------------------------------|---------------|------------|---------------|------------|
|                                                                                                  | No. of shares | ₹ in Lakhs | No. of shares | ₹ in Lakhs |
| 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

### AS AT 31 MARCH 2014

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

|                                      | 31 March 2014      |               | 31 March 2013      |               |
|--------------------------------------|--------------------|---------------|--------------------|---------------|
|                                      | % holding in class | No. of Shares | % holding in class | No. of Shares |
| Equit shares of ₹ 10 each fully paid |                    |               |                    |               |
| Shrikant Zaveri                      | 50.08%             | 33,402,275    | 50.09%             | 33,392,275    |
| Binaisha Zaveri                      | 7.92%              | 5,285,000     | 7.93%              | 5,285,000     |
| Raashi Zaveri                        | 6.85%              | 4,572,500     | 6.86%              | 4,572,500     |
| Smallcap World Fund, INC             | 6.50%              | 4,335,732     | -                  | -             |
| Bindu Zaveri                         | 5.25%              | 3,500,000     | 5.25%              | 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 sharerholders 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

### AS AT 31 MARCH 2014

(Currency: ₹ in Lakhs)

|                                                                                       | 31 March 2014    | 31 March 2013    |
|---------------------------------------------------------------------------------------|------------------|------------------|
| <b>4 RESERVES AND SURPLUS</b>                                                         |                  |                  |
| <b>i) Securities premium account</b>                                                  |                  |                  |
| At the commencement of the year                                                       | 16,697.33        | -                |
| Add: premium received on exercise of employee stock options                           | 54.87            | -                |
| Add: premium received on public issue                                                 | -                | 18,333.33        |
| Less: expenses incurred for public issue                                              | -                | (1,636.00)       |
|                                                                                       | 16,752.20        | 16,697.33        |
| <b>ii) Employee stock options outstanding account*</b>                                |                  |                  |
| At the commencement of the year                                                       | 71.83            | 132.29           |
| Add: employee compensation expenses for the year                                      | -                | 15.83            |
| Less: transferred on exercise/cancellation of stock options                           | (46.98)          | (76.29)          |
|                                                                                       | 24.85            | 71.83            |
| <b>iii) Surplus in statement of profit and loss</b>                                   |                  |                  |
| At the commencement of the year                                                       | 16,720.43        | 10,825.26        |
| <b>Profit for the year</b>                                                            | 5,505.89         | 8,500.10         |
| Less: Appropriations                                                                  |                  |                  |
| - Transfer to general reserves                                                        | (550.59)         | (850.01)         |
| - Equity dividend including dividend distribution tax paid for earlier years          | (0.98)           | -                |
| - Proposed final equity dividend (₹ 2.25 per share (31 March 2013: ₹ 2.25 per share)) | (1,500.84)       | (1,500.00)       |
| - Tax on proposed final equity dividend                                               | (255.06)         | (254.92)         |
|                                                                                       | 19,918.85        | 16,720.43        |
| <b>iv) General reserves</b>                                                           |                  |                  |
| At the commencement of the year                                                       | 850.01           | -                |
| Add: Transfer from statement of profit and loss                                       | 550.59           | 850.01           |
|                                                                                       | 1,400.60         | 850.01           |
| <b>Total reserves and surplus</b>                                                     | <b>38,096.50</b> | <b>34,339.60</b> |

\*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

### AS AT 31 MARCH 2014

(Currency: ₹ in Lakhs)

|                                                                           | 31 March 2014 | 31 March 2013 |
|---------------------------------------------------------------------------|---------------|---------------|
| <b>5 LONG-TERM BORROWINGS</b>                                             |               |               |
| <b>Secured</b>                                                            |               |               |
| <b>Term loans</b>                                                         |               |               |
| <b>from banks</b>                                                         |               |               |
| - HDFC Bank Limited term loan*                                            | -             | 128.93        |
| - ICICI Bank Limited term loan**                                          | 1,430.00      | 1,820.00      |
| - HDFC Bank Limited vehicle loan***                                       | -             | 2.01          |
| <b>from financial institutions</b>                                        |               |               |
| - BMW Financial Services****                                              | -             | 0.92          |
| - Volkswagen Finance Pvt Ltd Loan*****                                    | 30.88         | -             |
| <b>Unsecured</b>                                                          |               |               |
| <b>Term loans</b>                                                         |               |               |
| <b>from banks</b>                                                         |               |               |
| - Kotak Mahindra Bank term loan*****                                      | 192.62        | -             |
|                                                                           | 1,653.50      | 1,951.86      |
| Amount disclosed under the head other current liabilities (refer note 10) |               |               |
| - HDFC Bank Limited term loan                                             | -             | 94.49         |
| - ICICI Bank Limited term loan                                            | 390.00        | 390.00        |
| - HDFC Bank Limited vehicle loan                                          | 2.01          | 12.21         |
| - State Bank of India vehicle loan                                        | -             | 9.33          |
| - BMW Financial Services                                                  | 0.92          | 18.94         |
| - Volkswagen Finance Pvt Ltd Loan                                         | 16.28         | -             |
| - Kotak Mahindra Bank term loan                                           | 48.16         | -             |
|                                                                           | 457.37        | 524.97        |

\*The term loan from bank carries interest @ 13.25% 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. This has been repaid during the year on 9 January, 2014.

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2014

\*\*The term loan from bank carries interest @ 13.40% p.a. The loan is repayable in 72 monthly installments of ₹ 32.50 Lakhs each from the date of loan, viz., 31 December 2012. The loan is secured by hypothecation of first 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 @ 9.75% p.a and 10.75% p.a. The loan is repayable in 36 monthly installments of ₹ 0.79 Lakhs and ₹ 0.29 Lakhs 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 carrying interest @ 9.75% has been repaid during the year.

\*\*\*\*The vehicle loan from BMW Financial services bank carries interest @ 8.69% p.a and 10.75% p.a. The loan is repayable in 36 monthly installments of ₹ 1.10 Lakhs and ₹ 0.93 Lakhs 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. The vehicle loan carrying interest @ 8.69% has been repaid during the year.

\*\*\*\*\*The vehicle loan from Volkswagen Finance Private Limited bank carries interest @ 10.78%. The loan is repayable in 36 monthly installments of ₹ 1.62 Lakhs alongwith interest, from the date of loan, viz., 13 February 2014. The loan is secured by hypothecation of vehicle.

\*\*\*\*\*The term loan from bank carries interest @ 11.75% p.a. The loan is repayable in 60 monthly installments of ₹ 4.01 Lakhs each alongwith interest, from the date of loan viz., 10 March 2014. The loan is under the process to get secured by hypothecation of first charge on the properties situated at Punjugutta (Hyderabad) of the Company within 120 days from the date of disbursement. The loan has been taken for purchase of equipment for information Technology (IT) Infrastructure upgradation.

(Currency: ₹ in Lakhs)

|                                       | 31 March 2014 | 31 March 2013 |
|---------------------------------------|---------------|---------------|
| <b>6 OTHER LONG TERM LIABILITY</b>    |               |               |
| Others (Unsecured, considered good)   |               |               |
| From related parties                  |               |               |
| - Security deposits (refer note 29.9) | 54.00         | 54.00         |
|                                       | 54.00         | 54.00         |

(Currency: ₹ in Lakhs)

|                                                        | 31 March 2014 | 31 March 2013 |
|--------------------------------------------------------|---------------|---------------|
| <b>7 LONG TERM PROVISIONS</b>                          |               |               |
| Provision for employee benefits                        |               |               |
| - Provision for gratuity (refer note 29.3)             | 406.19        | 376.60        |
| - Provision for compensated absences (refer note 29.3) | 167.93        | 195.57        |
|                                                        | 574.12        | 572.17        |

# NOTES TO THE FINANCIAL STATEMENTS

## AS AT 31 MARCH 2014

(Currency: ₹ in Lakhs)

|                                     | 31 March 2014 | 31 March 2013 |
|-------------------------------------|---------------|---------------|
| <b>8 SHORT TERM BORROWINGS</b>      |               |               |
| <b>Secured</b>                      |               |               |
| <b>Loans repayable on demand</b>    |               |               |
| - Working capital demand loan*      | 10,000.00     | 3,500.00      |
| - Cash credit from banks**          | 26,490.57     | 8,993.23      |
| <b>Others</b>                       |               |               |
| - ICICI Bank Limited***             | -             | 3,772.32      |
| - The Bank of Nova Scotia#          | -             | 21,897.40     |
| - HDFC Bank Limited##               | -             | 893.29        |
| - State Bank of India###            | 11,925.06     | -             |
|                                     | 48,415.63     | 39,056.24     |
| <b>Unsecured</b>                    |               |               |
| <b>Loans repayable on demand</b>    |               |               |
| - Working capital demand loan^      | 2,400.00      | -             |
| - From directors (refer note 29.9)^ | 100.19        | 112.15        |
| - From associates (refer note 29.9) | -             | 280.02        |
| <b>Others</b>                       |               |               |
| - Gold borrowings^^                 | 3,775.41      | -             |
|                                     | 6,275.60      | 392.17        |
|                                     | 54,691.23     | 39,448.41     |

\*The Company has taken term loan from HDFC Bank Ltd of ₹ 5,000 lakhs which is repayable on demand bearing interest @ 12.15% and ₹ 3,000 lakhs and ₹ 2,000 lakhs carrying interest @ 10.50% and 10.80% respectively to be paid via 6 monthly bullet repayments.

\*\*The cash credit from State Bank of India carries interest @ 10.90% p.a. The loan is repayable on demand from the date of loan, viz., 5 October, 2013.

The cash credit from HDFC Bank Ltd carries interest @ 13.20% p.a. The loan is repayable on demand from the date of loan, viz., 5 December, 2013.

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., 26 March, 2013.

The cash credit from ICICI Bank Ltd carries interest @ 12.35% p.a. The loan is repayable on demand from the date of loan, viz., 26 March, 2013.

The cash credit from Kotak Mahindra Bank carries interest @ 12.25% p.a. The loan is repayable on demand from the date of loan, viz., 23 July, 2013.

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2014

The cash credit from Central Bank of India carries interest @ 11.95% p.a. The loan is repayable on demand from the date of loan, viz., 16 January, 2014."

The above Working capital demand loan and the Cash credit facilities are secured by hypothecation of exclusive charge on raw materials, finished goods, receivables, entire fixed assets and current assets of the Company, alongwith first pari passu charge by way of mortgage over Zaveri Bazar property, Surat property, Punjagutta (Hyderabad) property and Charkop factory. Second charge over Corporate office property situated at Nariman point and fixed assets of Pune property. Further, the loan has been guaranteed by the personal guarantee of the Managing Director of the Company to the extend of value of the personal property at Santacruz showroom. Apart from the security mentioned above, with respect to facilities from State Bank of India, a fixed deposit of ₹ 350 lakhs (31 March 2013: ₹ 300 lakhs) has also been given as security.

\*\*\*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 loan is repaid on 8 November 2013.

#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 (SLBC) amounting to 110% of the outstanding value. The gold loan is repaid on 29 January 2014.

##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 amounting to 110% of the outstanding value. The gold loan is repaid on 7 September 2013.

###The gold on loan from State Bank of India carries interest @ 5% p.a. The loan is repayable within 180 days from the date of disbursement. The gold on loan is secured by LOC (Letter of Comfort) amounting to 120% of the outstanding value which is lien to the Cash Credit limit of State Bank of India alongwith security of fixed deposits amounting to ₹ 1,893 lakhs and bank guarantee (backed by fixed deposits) of ₹ 1,400 lakhs.

^ The Company has taken term loan from HDFC Bank Ltd of ₹ 2,400 lakhs bearing interest @ 13.00% p.a on 27 march 2014. The loan is repayable within 45 days in 3 tranches of ₹ 800 lakhs each and additional interest.

^^ Loan from directors is interest free and repayable on demand.

^^^ Gold borrowings carry a rate of interest of 5% p.a. and 10% p.a. These are repayable at the end of 361 days from the date of borrowing.

(Currency: ₹ in Lakhs)

|                                                         | 31 March 2014   | 31 March 2013    |
|---------------------------------------------------------|-----------------|------------------|
| <b>9 TRADE PAYABLES</b>                                 |                 |                  |
| <b>Due to</b>                                           |                 |                  |
| - Micro, Small and Medium Enterprises (refer note 29.4) | -               | -                |
| <b>Other than Micro, Small and Medium Enterprises</b>   |                 |                  |
| - due to related parties (refer note 29.9)              | 119.15          | 313.42           |
| - due to others                                         | 7,872.40        | 16,849.04        |
|                                                         | <b>7,991.55</b> | <b>17,162.46</b> |

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2014

(Currency: ₹ in Lakhs)

|                                                                                                            | 31 March 2014 | 31 March 2013 |
|------------------------------------------------------------------------------------------------------------|---------------|---------------|
| <b>10 OTHER CURRENT LIABILITIES</b>                                                                        |               |               |
| Current maturities of long term borrowings (refer note 5)                                                  | 457.37        | 524.97        |
| Interest accrued but not due on borrowings                                                                 | 114.67        | 105.07        |
| Share application money due for refund*                                                                    | 0.34          | 1.37          |
| <b>Amount liable to be deposited in Investor Education and Protection Fund but not yet due for deposit</b> |               |               |
| - Unclaimed dividend                                                                                       | 0.26          | 0.13          |
| <b>Other payables</b>                                                                                      |               |               |
| - Advance from customers                                                                                   | 1,815.65      | 1,935.87      |
| - Customers dues under schemes / arrangements                                                              | 14,806.83     | 9,922.63      |
| - Statutory liabilities                                                                                    | 236.09        | 378.51        |
| - Capital creditors                                                                                        | 97.52         | 247.37        |
| - Provision for sales promotion expenses (refer note 29.11)                                                | 818.00        | 470.00        |
| - Provision for expenses                                                                                   | 1,081.07      | 939.42        |
| - Provision for employee benefits                                                                          | 319.81        | 737.55        |
|                                                                                                            | 19,747.61     | 15,262.89     |

\*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.

|                                                        | 31 March 2014 | 31 March 2013 |
|--------------------------------------------------------|---------------|---------------|
| <b>11 SHORT TERM PROVISIONS</b>                        |               |               |
| <b>Provision for employee benefits</b>                 |               |               |
| - Provision for gratuity (refer note 29.3)             | 83.00         | 49.21         |
| - Provision for compensated absences (refer note 29.3) | 249.39        | 193.79        |
| <b>Others</b>                                          |               |               |
| - Proposed final equity dividend                       | 1,500.84      | 1,500.00      |
| - Tax on proposed final equity dividend                | 255.06        | 254.92        |
| - Provision for wealth tax                             | 1.99          | 1.97          |
| - Provision for current tax (net of advance tax)       | -             | 663.00        |
|                                                        | 2,090.28      | 2,662.89      |

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2014

(Currency: ₹ in Lakhs)

**12 FIXED ASSETS**

| Description of assets           | Gross block              |                                 |                                               | Depreciation / Amortisation |                          |                    | Net block                 |                           |
|---------------------------------|--------------------------|---------------------------------|-----------------------------------------------|-----------------------------|--------------------------|--------------------|---------------------------|---------------------------|
|                                 | As at<br>1 April<br>2013 | Additions<br>during the<br>year | Deletion/<br>adjustment<br>during the<br>year | As at<br>31 March<br>2014   | As at<br>1 April<br>2013 | For the<br>year    | As at<br>31 March<br>2014 | As at<br>31 March<br>2013 |
| <b>Tangible assets</b>          |                          |                                 |                                               |                             |                          |                    |                           |                           |
| Land - owned                    | 1,419.34<br>(1,419.34)   | -                               | -                                             | 1,419.34<br>(1,419.34)      | -                        | -                  | 1,419.34<br>(1,419.34)    | 1,419.34<br>(1,419.34)    |
| Buildings*                      | 4,710.39<br>(1,943.71)   | 273.83<br>(2,766.68)            | 6.06                                          | 4,978.16<br>(4,710.39)      | 496.04<br>(285.90)       | 240.24<br>(210.14) | 4,242.77<br>(4,214.35)    | 4,214.35<br>(1,657.81)    |
| Lease hold improvements         | 1,241.80<br>(441.50)     | 174.25<br>(800.30)              | (36.35)                                       | 1,452.40<br>(1,241.80)      | 246.41<br>(158.95)       | 152.97<br>(87.46)  | 1,053.02<br>(995.39)      | 995.39<br>(282.55)        |
| Plant and equipment             | 1,219.16<br>(841.85)     | 212.37<br>(377.31)              | 19.24                                         | 1,412.28<br>(1,219.16)      | 347.64<br>(238.34)       | 140.23<br>(109.30) | 930.33<br>(871.52)        | 871.52<br>(603.51)        |
| Furniture and fixtures          | 1,257.48<br>(847.49)     | 425.03<br>(409.99)              | 127.47                                        | 1,555.04<br>(1,257.48)      | 575.83<br>(393.28)       | 187.81<br>(182.55) | 854.09<br>(681.65)        | 681.65<br>(454.21)        |
| Vehicles                        | 269.86<br>(294.05)       | 72.65                           | 19.68<br>(24.19)                              | 322.83<br>(269.86)          | 162.78<br>(132.99)       | 29.91<br>(40.98)   | 145.59<br>(107.08)        | 107.08<br>(161.06)        |
| Computers                       | 395.57<br>(349.34)       | 522.17<br>(47.08)               | 4.90<br>(0.85)                                | 912.84<br>(395.57)          | 267.62<br>(200.05)       | 78.17<br>(67.75)   | 567.04<br>(127.95)        | 127.95<br>(149.29)        |
| <b>Sub Total</b>                | 10,513.60<br>(6,137.28)  | 1,680.30<br>(4,401.36)          | 141.01<br>(25.04)                             | 12,052.89<br>(10,513.60)    | 2,096.32<br>(1,409.51)   | 829.34<br>(698.18) | 9,212.18<br>(8,417.28)    | 8,417.28<br>(4,727.77)    |
| <b>Intangible assets</b>        |                          |                                 |                                               |                             |                          |                    |                           |                           |
| Computer software               | 545.61<br>(282.07)       | 10.75<br>(263.54)               | (7.51)                                        | 563.87<br>(545.61)          | 200.53<br>(94.34)        | 169.99<br>(106.19) | 370.52<br>(200.53)        | 345.08<br>(187.73)        |
| <b>Sub Total</b>                | 545.61<br>(282.07)       | 10.75<br>(263.54)               | (7.51)                                        | 563.87<br>(545.61)          | 200.53<br>(94.34)        | 169.99<br>(106.19) | 370.52<br>(200.53)        | 345.08<br>(187.73)        |
| <b>Capital work in progress</b> |                          |                                 |                                               |                             |                          |                    |                           |                           |
| Capital work in progress        | 164.14<br>(70.65)        | 158.80<br>(164.14)              | 164.14<br>(70.65)                             | 158.80<br>(164.14)          | -                        | -                  | 158.80<br>(164.14)        | 164.14<br>(70.65)         |
| <b>Sub Total</b>                | 164.14<br>(70.65)        | 158.80<br>(164.14)              | 164.14<br>(70.65)                             | 158.80<br>(164.14)          | -                        | -                  | 158.80<br>(164.14)        | 164.14<br>(70.65)         |
| <b>Total</b>                    | 11,223.35<br>(6,490.00)  | 1,849.86<br>(4,829.04)          | 297.64<br>(95.69)                             | 12,775.56<br>(11,223.35)    | 2,296.85<br>(1,503.85)   | 999.33<br>(804.37) | 9,564.33<br>(8,926.50)    | 8,926.50<br>(4,986.15)    |

\*Buildings includes net block amounting to ₹ 410.27 Lakhs (31 March 2013 ₹ 445.37 Lakhs) being the value of Factory building situated at Kandivali.

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2014

(Currency: ₹ in Lakhs)

|                                                                                                                                                  | 31 March 2014 | 31 March 2013 |
|--------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| <b>13 NON CURRENT INVESTMENTS</b>                                                                                                                |               |               |
| <b>Trade Investments (Cost):</b>                                                                                                                 |               |               |
| - Investments in equity instruments (Unquoted)                                                                                                   |               |               |
| 100,000 (31 March 2013: 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 2013: 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 (Cost):</b>                                                                                                                 |               |               |
| - Investments in mutual funds (Quoted)                                                                                                           |               |               |
| SBI Mutual Fund Magnum Insta Cash Fund 6.434 (31 March 2013: 6.249) units of ₹ 1,675.03 each                                                     | 0.11          | 0.11          |
|                                                                                                                                                  | 302.62        | 302.62        |
| "Aggregate book value of quoted non-current investment (Market Value ₹ 0.11 lakhs, 31 March 2013: ₹ 0.11 lakhs)"                                 | 0.11          | 0.11          |
| Aggregate book value of unquoted non-current investment                                                                                          | 302.51        | 302.51        |

|                                                                                                                                | 31 March 2014 | 31 March 2013 |
|--------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| <b>14 DEFERRED TAX ASSETS (NET)</b>                                                                                            |               |               |
| Arising on account of timing difference in                                                                                     |               |               |
| <b>Deferred tax liability</b>                                                                                                  |               |               |
| -Excess of depreciation/amortisation on fixed assets under income-tax law over depreciation/ amortisation provided in accounts | (146.48)      | (104.40)      |
| <b>Total deferred tax liability</b>                                                                                            | (146.48)      | (104.40)      |
| <b>Deferred tax assets</b>                                                                                                     |               |               |
| - Provision for employee benefits                                                                                              | 359.15        | 320.63        |
| - Provision for expenses                                                                                                       | 298.66        | 186.12        |
| - Provision for doubtful debts                                                                                                 | 8.46          | 18.09         |
| - Provision for lease rent equalisation                                                                                        | 147.79        | 98.67         |
| <b>Total deferred tax assets</b>                                                                                               | 814.06        | 623.51        |
| <b>Net deferred tax assets</b>                                                                                                 | 667.58        | 519.11        |
| <b>Net changes in deferred tax assets</b>                                                                                      | 148.48        | 180.83        |

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2014

(Currency: ₹ in Lakhs)

|                                                                       | 31 March 2014 | 31 March 2013 |
|-----------------------------------------------------------------------|---------------|---------------|
| <b>15 LONG TERM LOANS AND ADVANCES</b>                                |               |               |
| <b>To related parties</b>                                             |               |               |
| - Security deposits (refer note 29.9)<br>(Unsecured, considered good) | 72.00         | 72.00         |
| <b>To parties other than related parties</b>                          |               |               |
| - Security deposits<br>(Unsecured, considered good)                   | 873.73        | 748.73        |
| - Capital advances<br>(Unsecured, considered good)                    | 63.64         | 125.85        |
| - Other loans and advances                                            |               |               |
| Advance tax (net of provision for tax)                                | 175.84        | 59.83         |
|                                                                       | 1,185.21      | 1,006.41      |

|                                                        | 31 March 2014 | 31 March 2013 |
|--------------------------------------------------------|---------------|---------------|
| <b>16 INVENTORIES</b>                                  |               |               |
| (valued at the lower of cost and net realisable value) |               |               |
| Raw material                                           | 8,990.21      | 9,666.24      |
| Finished goods and traded goods                        | 102,109.47    | 93,028.13     |
| Packing material                                       | 88.70         | 43.69         |
|                                                        | 111,188.38    | 102,738.06    |

|                                                                                                 | 31 March 2014 | 31 March 2013 |
|-------------------------------------------------------------------------------------------------|---------------|---------------|
| <b>17 TRADE RECEIVABLES</b>                                                                     |               |               |
| (Unsecured, considered good unless stated otherwise)                                            |               |               |
| <b>Outstanding for a period exceeding six months<br/>from the date they are due for payment</b> |               |               |
| -Unsecured, considered good                                                                     | -             | 1.22          |
| -Doubtful                                                                                       | 25.44         | 53.75         |
|                                                                                                 | 25.44         | 54.97         |
| <b>Less: Provision for doubtful receivables</b>                                                 | (25.44)       | (53.75)       |
|                                                                                                 | -             | 1.22          |
| <b>Other receivables</b>                                                                        |               |               |
| -Unsecured, considered good *                                                                   | 286.28        | 175.11        |
|                                                                                                 | 286.28        | 175.11        |
| <b>Total</b>                                                                                    | 286.28        | 176.33        |

\* Includes receivable from credit card companies amounting to ₹ 229.92 Lakhs (31 March 2013: ₹ 148.25 Lakhs)

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2014

(Currency: ₹ in Lakhs)

|                                                                                   | 31 March 2014   | 31 March 2013   |
|-----------------------------------------------------------------------------------|-----------------|-----------------|
| <b>18 CASH AND BANK BALANCES</b>                                                  |                 |                 |
| <b>Cash and cash equivalents</b>                                                  |                 |                 |
| Cash on hand                                                                      | 805.12          | 438.45          |
| Balances with banks                                                               |                 |                 |
| - on current accounts                                                             | 356.51          | 596.19          |
| Other bank balances                                                               |                 |                 |
| - deposits with original maturity for more than 3 months but less than 12 months* | 6,123.82        | 2,127.80        |
|                                                                                   | <b>7,285.45</b> | <b>3,162.44</b> |

\*Deposits with a carrying amount of ₹ 27.96 Lakhs (31 March 2013: ₹ 28.13 Lakhs) are towards Bank Guarantee given to Bombay Stock Exchange (BSE).

\*Deposits with a carrying amount of ₹ 0.67 Lakhs (31 March 2013: ₹ 35.83 Lakhs) are liened with West Bengal VAT authorities as deposits.

\*Deposits with a carrying amount of ₹ 350.13 Lakhs (31 March 2013: ₹ 343.14 Lakhs) are subject to first charge to secure the Company's cash credit loans.

\*Deposits with a carrying amount of ₹ 3,292.24 Lakhs (31 March 2013: ₹ 1,743.15 Lakhs) are subject to first charge to secure gold loan facility availed from bank.

\*Deposits with a carrying amount of ₹ 2,445.38 Lakhs (31 March 2013: ₹ Nil) are towards Bank Guarantee against import of watches.

\*Deposits with a carrying amount of ₹ 7.44 Lakhs (31 March 2013: ₹ Nil) are towards Base capital given to Multi Commodity Exchange India Ltd.

|                                                                                                                                  | 31 March 2014   | 31 March 2013   |
|----------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| <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'                          | 6,123.82        | 2,127.80        |
| Bank deposits due to mature after 12 months of the reporting date included under 'Other noncurrent assets'                       | -               | -               |
|                                                                                                                                  | <b>6,123.82</b> | <b>2,127.80</b> |

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2014

(Currency: ₹ in Lakhs)

|                                              | 31 March 2014 | 31 March 2013 |
|----------------------------------------------|---------------|---------------|
| <b>19 Short-term loans and advances</b>      |               |               |
| (Unsecured, considered good)                 |               |               |
| <b>To related parties</b>                    |               |               |
| - Other loans and advances                   |               |               |
| Konfiance Jewellery Private Limited          | -             | 2.56          |
| (refer note 29.9)                            |               |               |
| <b>To parties other than related parties</b> |               |               |
| - Security deposits                          | 39.67         | 203.00        |
| - Other loans and advances                   |               |               |
| Advance to suppliers                         | 160.04        | 560.84        |
| Advances to employees and others             | 20.62         | 25.26         |
| Prepaid expenses                             | 432.00        | 252.89        |
| Balance with government authorities          | 201.07        | 222.48        |
|                                              | 853.40        | 1,267.03      |

|                                                      | 31 March 2014 | 31 March 2013 |
|------------------------------------------------------|---------------|---------------|
| <b>20 OTHER CURRENT ASSETS</b>                       |               |               |
| (Unsecured, considered good unless otherwise stated) |               |               |
| Interest accrued on fixed deposits                   | 235.94        | 22.45         |
|                                                      | 235.94        | 22.45         |

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

(Currency: ₹ in Lakhs)

|                                    | 31 March 2014 | 31 March 2013 |
|------------------------------------|---------------|---------------|
| <b>21 REVENUE FROM OPERATIONS</b>  |               |               |
| <b>(A) Sale of products</b>        |               |               |
| Finished goods                     |               |               |
| - Gold                             | 119,815.21    | 110,378.26    |
| - Diamond                          | 27,741.64     | 28,864.43     |
| - Others                           | 2,061.99      | 1,073.76      |
|                                    | 149,618.84    | 140,316.45    |
| Traded goods                       |               |               |
| - Gold                             | 20,607.81     | 13,804.88     |
| - Diamond                          | 9,959.57      | 9,676.20      |
| - Others                           | 1,587.76      | 1,144.71      |
|                                    | 32,155.14     | 24,625.79     |
| <b>Total</b>                       | 181,773.98    | 164,942.24    |
| <b>(B) Other operating revenue</b> | 660.12        | 891.53        |
| <b>Total</b>                       | 660.12        | 891.53        |

|                                                                       | 31 March 2014 | 31 March 2013 |
|-----------------------------------------------------------------------|---------------|---------------|
| <b>22 OTHER INCOME</b>                                                |               |               |
| Interest income on                                                    |               |               |
| - Bank deposits                                                       | 464.92        | 223.90        |
| - Income tax refund                                                   | -             | 44.87         |
| Rental income                                                         | 108.00        | 108.00        |
| Foreign exchange gain (net)                                           | 41.33         | 0.04          |
| Provision for doubtful debts written back                             | 28.30         | -             |
| Reversal of employee stock options scheme (ESOP)<br>(refer note 29.2) | 14.74         | 76.29         |
| Dividend income from long term investments                            | 0.01          | 17.80         |
| Other income                                                          | 4.32          | -             |
| Liabilities no longer required written back                           | -             | 18.49         |
|                                                                       | 661.62        | 489.39        |

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

(Currency: ₹ in Lakhs)

|                                                         | 31 March 2014 | 31 March 2013 |
|---------------------------------------------------------|---------------|---------------|
| <b>23 COST OF RAW MATERIALS AND COMPONENTS CONSUMED</b> |               |               |
| Inventory at the beginning of the year                  | 9,666.24      | 5,195.58      |
| Add: Purchases                                          | 140,212.98    | 160,745.04    |
|                                                         | 149,879.22    | 165,940.62    |
| Less: Inventory at the end of the year                  | (8,990.21)    | (9,666.24)    |
| Cost of raw material and components consumed            | 140,889.01    | 156,274.38    |
| <b>Details of raw materials and components consumed</b> |               |               |
| - Gold                                                  | 115,950.61    | 126,573.09    |
| - Diamond                                               | 20,308.51     | 28,272.38     |
| - Others                                                | 4,629.89      | 1,428.91      |
|                                                         | 140,889.01    | 156,274.38    |
| <b>Details of inventory</b>                             |               |               |
| Raw material and components                             |               |               |
| - Gold                                                  | 5,131.23      | 4,405.36      |
| - Diamond                                               | 3,858.98      | 5,260.88      |
|                                                         | 8,990.21      | 9,666.24      |

|                                    | 31 March 2014 | 31 March 2013 |
|------------------------------------|---------------|---------------|
| <b>24 PURCHASE OF TRADED GOODS</b> |               |               |
| - Gold                             | 6,475.89      | 7,179.06      |
| - Diamond                          | 10,065.64     | 17,637.38     |
| - Others                           | 3,236.30      | 1,474.38      |
|                                    | 19,777.83     | 26,290.82     |

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

(Currency: ₹ in Lakhs)

|                                                                     | 31 March 2014 | 31 March 2013 |
|---------------------------------------------------------------------|---------------|---------------|
| <b>25 CHANGES IN INVENTORIES OF FINISHED GOODS AND TRADED GOODS</b> |               |               |
| <b>Opening inventory</b>                                            |               |               |
| - Finished goods and traded goods                                   | 93,028.13     | 44,994.13     |
|                                                                     | 93,028.13     | 44,994.13     |
| <b>Closing inventory</b>                                            |               |               |
| - Finished goods and traded goods                                   | 102,109.47    | 93,028.13     |
|                                                                     | 102,109.47    | 93,028.13     |
|                                                                     |               |               |
| Increase in stock                                                   | (9,081.34)    | (48,034.00)   |
| <b>Details of inventory</b>                                         |               |               |
| <b>Finished goods and traded goods</b>                              |               |               |
| - Gold                                                              | 54,256.12     | 55,140.15     |
| - Diamond                                                           | 40,729.20     | 35,394.39     |
| - Others                                                            | 7,124.15      | 2,493.59      |
|                                                                     | 102,109.47    | 93,028.13     |

|                                                             | 31 March 2014 | 31 March 2013 |
|-------------------------------------------------------------|---------------|---------------|
| <b>26 EMPLOYEE BENEFITS</b>                                 |               |               |
| Salaries, wages and bonus                                   | 5,640.83      | 4,894.03      |
| Contribution to provident and other funds (refer note 29.3) | 107.11        | 104.29        |
| Employee stock compensation expenses (refer note 29.2)      | -             | 15.83         |
| Staff welfare expenses                                      | 213.34        | 177.25        |
| Gratuity expenses (refer note 29.3)                         | 140.46        | 171.04        |
| Compensated absences                                        | 39.47         | 147.88        |
|                                                             | 6,141.21      | 5,510.32      |

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

(Currency: ₹ in Lakhs)

|                                          | 31 March 2014    | 31 March 2013    |
|------------------------------------------|------------------|------------------|
| <b>27 OTHER EXPENSES</b>                 |                  |                  |
| Power and fuel                           | 483.06           | 336.34           |
| Water charges                            | 20.32            | 14.76            |
| Boxes and packing material               | 187.72           | 132.02           |
| Repairs and maintenance to others        | 328.64           | 140.07           |
| Jobwork charges                          | 68.76            | 83.27            |
| Rent (refer note 29.5)                   | 2,218.50         | 1,512.34         |
| Advertisement and sales promotion        | 4,418.06         | 5,356.02         |
| Freight and forwarding charges           | 110.57           | 106.03           |
| Commission and service charges           | 18.99            | 39.16            |
| Insurance                                | 65.41            | 55.59            |
| Travelling and conveyance expenses       | 352.52           | 372.98           |
| Rates and taxes                          | 888.58           | 834.46           |
| Computer and software expenses           | 120.68           | 87.29            |
| Legal and professional fees              | 746.74           | 849.83           |
| Royalty (refer note 27.1)                | 13.48            | 41.10            |
| Postage, telegrams and telephone charges | 259.29           | 161.86           |
| Printing and stationery                  | 90.75            | 61.72            |
| <b>Payment to auditors:</b>              |                  |                  |
| - Statutory audit                        | 42.84            | 47.84            |
| - reimbursement of expenses              | 1.96             | 1.07             |
| Vehicle expenses                         | 22.67            | 22.94            |
| Security charges                         | 196.14           | 148.18           |
| Bank charges                             | 523.37           | 334.93           |
| Miscellaneous expenses                   | 127.00           | 182.74           |
| Loss on sale of assets                   | 2.90             | 11.90            |
| Asset written off                        | 44.32            | -                |
| Loss on commodity hedging transaction    | 11.55            | -                |
| Commodity hedging cost                   | 15.75            | -                |
| Bad debts written off                    | 12.43            | -                |
| Directors sitting fees                   | 5.81             | 6.02             |
| Commission to directors                  | 36.49            | 30.93            |
|                                          | <b>11,435.30</b> | <b>10,971.39</b> |

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

(Currency: ₹ in Lakhs)

|                                                 | 31 March 2014 | 31 March 2013 |
|-------------------------------------------------|---------------|---------------|
| <b>27.1 PRIOR PERIOD ITEM</b>                   |               |               |
| Provision for royalty not made in previous year | -             | 18.37         |
|                                                 | -             | 18.37         |

|                         | 31 March 2014 | 31 March 2013 |
|-------------------------|---------------|---------------|
| <b>28 FINANCE COSTS</b> |               |               |
| Interest expenses       | 4,316.53      | 1,950.53      |
| Other borrowing costs   | 318.44        | 198.89        |
|                         | 4,634.97      | 2,149.42      |

## 29 NOTES TO ACCOUNTS

### 29.1 Contingent liabilities and commitments

#### Contingent Liabilities

Claims against the Company not acknowledge as debt

#### 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), Ernakulum."

#### 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 Lakh, the Company has filed an appeal against the aforesaid notice. The appellate matter is currently pending with the Commissioner of Income Tax (Appeal).

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. 2011 - 2012 for the payment of ₹ 136.06 Lakh, the Company has filed an appeal against the aforesaid notice. The appellate matter is currently pending with the Commissioner of Income Tax (Appeal).

#### Commitments

Estimated amount of Contracts remaining to be executed on capital account and not provided for as at 31 March 2014 is ₹ 742.55 Lakhs (31 March, 2013: ₹ 233.81 Lakhs) (net of advances).

### 29.2. 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.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

(Currency: ₹ in Lakhs)

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%                         |

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

|                                             |                |
|---------------------------------------------|----------------|
| Maximum term of options granted ( In years) | 3.65           |
| Method of settlement                        | Equity settled |

Employee stock option activity under Scheme 2011 is as follows:

#### 1) Options

| Particulars                                     | 31 March 2014 | 31 March 2013 |
|-------------------------------------------------|---------------|---------------|
| Outstanding at beginning of the period          | 53,074        | 111,309       |
| Granted during the period                       | Nil           | Nil           |
| Forfeited during the period                     | Nil           | Nil           |
| Cancelled during the year                       | 12,327        | 58,235        |
| Exercised during the period                     | 16,175        | Nil           |
| Outstanding at the end of the period            | 24,572        | 53,074        |
| Vested and exercisable at the end of the period | Nil           | Nil           |

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

(Currency: ₹ in Lakhs)

The Company has accounted for the above as compensation cost following the Guidance Note on Accounting for Employee Share Based Payments.

The total (credit) / charge to the statement of profit and loss on account of Options is ₹ (0.87 Lakhs) (31 March 2013 ₹ (2.44 Lakhs))

The total carrying amount as at 31 March 2014 on account of Options is ₹ 1.74 Lakhs (31 March 2013: ₹ 3.75 Lakhs)

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

| Particulars                                     | 31 March 2014 | 31 March 2013 |
|-------------------------------------------------|---------------|---------------|
| Outstanding at beginning of the period          | 46,311        | 97,124        |
| Granted during the period                       | Nil           | Nil           |
| Forfeited during the period                     | Nil           | Nil           |
| Cancelled during the year                       | 9,435         | 50,813        |
| Exercised during the period                     | 21,153        | Nil           |
| Outstanding at the end of the period            | 15,723        | 46,311        |
| Vested and exercisable at the end of the period | Nil           | Ni            |

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 ₹ (13.87 Lakhs) (31 March 2013 - ₹ (58.03 Lakhs))

The total carrying amount as at 31 March 2014 on account of RSU is ₹ 23.11 Lakhs (31 March 2013: ₹ 68.08 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:

| Particulars                            | 31 March 2014 | 31 March 2013 |
|----------------------------------------|---------------|---------------|
| Net Income as reported                 | 5,505.89      | 8,500.10      |
| Add: Intrinsic Value Compensation Cost | (14.74)       | (60.46)       |
| Less: Fair Value Compensation Cost     | 3.64          | 23.19         |
| Adjusted Proforma Income               | 5,487.51      | 8,417.44      |
| <b>Earning Per Share: Basic (₹)</b>    |               |               |
| As Reported                            | 8.26          | 13.04         |
| Adjusted Pro Forma                     | 8.23          | 12.91         |
| <b>Earning Per Share: Diluted (₹)</b>  |               |               |
| As Reported                            | 8.25          | 13.03         |
| Adjusted Pro Forma                     | 8.22          | 12.89         |

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

(Currency: ₹ in Lakhs)

| Particulars                                                                                                                                    | 31 March 2014 |        | 31 March 2013 |        |
|------------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------|---------------|--------|
|                                                                                                                                                | Options       | RSUs   | Options       | RSUs   |
| <b>The key assumptions used to estimate the fair value of options are :</b>                                                                    |               |        |               |        |
| - 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%  |
| <b>Any other inputs to the model including the method used and the assumptions made to incorporate the effects of expected early exercise.</b> |               |        |               |        |
| - 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 2014

(Currency: ₹ in Lakhs)

#### 29.3. Employee Benefits:

##### a) Defined contribution plans

"The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund, which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognised as an expense towards contribution to Provident Fund for the year aggregated to ₹ 70.02 Lakhs (31 March 2013: ₹ 73.03 Lakhs) which is shown under notes to financial statements 26 – 'Employee benefits'."

##### b) Defined benefit plans

##### Gratuity (funded)

|                                                                    | 31 March 2014 | 31 March 2013 |
|--------------------------------------------------------------------|---------------|---------------|
| <b>I Change in Benefit Obligation</b>                              |               |               |
| Liability at the beginning of the year                             | 480.00        | 424.30        |
| Interest cost                                                      | 42.92         | 38.24         |
| Current service cost                                               | 246.13        | 175.91        |
| Benefit paid                                                       | (73.01)       | (32.68)       |
| Actuarial (gain) / loss on obligations                             | (105.65)      | (125.77)      |
| Liability at the end of the year                                   | 590.38        | 480.00        |
| <b>II Amount Recognised in the Balance Sheet</b>                   |               |               |
| Liability at the end of the year                                   | 590.38        | 480.00        |
| Fair value of plan assets at the end of the year                   | (101.19)      | (54.19)       |
| Amount recognised in the balance sheet                             | 489.19        | 425.81        |
| <b>III Expenses recognised in the statement of profit and loss</b> |               |               |
| Current service cost                                               | 246.13        | 175.91        |
| Interest cost                                                      | 42.92         | 38.24         |
| Expected return on plan assets                                     | (4.67)        | -             |
| Net actuarial (gain) / loss to be recognised                       | (98.66)       | (125.77)      |
| Expense recognised in statement of profit and loss                 | 185.71        | 88.38         |
| <b>IV Balance Sheet Reconciliation</b>                             |               |               |
| Opening net liability                                              | 425.81        | 424.30        |
| Expense recognized in the statement of profit and loss             | 185.71        | 88.38         |
| Contribution Paid                                                  | (21.14)       | (32.68)       |
| Fair value of plan assets at the end of the year                   | (101.19)      | (54.19)       |
| Amount recognised in balance sheet                                 | 489.19        | 425.81        |

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

(Currency: ₹ in Lakhs)

|                                                        | 31 March 2014                                     | 31 March 2013                          |
|--------------------------------------------------------|---------------------------------------------------|----------------------------------------|
| <b>V Composition of plan assets</b>                    |                                                   |                                        |
| Qualifying insurance policies*                         | 101.19                                            | 54.19                                  |
| <b>VI Movement in fair value of plan assets</b>        |                                                   |                                        |
| Fair value of plan assets at the beginning of the year | 54.19                                             | -                                      |
| Contributions paid into the plan                       | 106.50                                            | 54.19                                  |
| Benefits paid by the plan                              | (57.45)                                           | -                                      |
| Expected return on plan assets                         | 4.67                                              | -                                      |
| Actuarial (losses) / gains                             | (6.72)                                            | -                                      |
| Fair value of plan assets at the end of the year       | 101.19                                            | 54.19                                  |
| <b>VII Principal Actuarial Assumptions</b>             |                                                   |                                        |
| Discount Rate per annum                                | 9.00%                                             | 8.20%                                  |
| Expected rate of return on plan Assets                 | -                                                 | -                                      |
| Salary Escalation rate per annum                       | 11%                                               | 10%                                    |
| Mortality                                              | Indian Assured lives Mortality (2006-08) Ultimate | Latest compiled Table of LIC (1994-96) |

\*The Company has maintained funds with Life Insurance Corporation of India and HDFC Life. The Company is unable to obtain the details of major category of Plan assets from the insurance companies and hence the disclosure thereof is not made.

**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.**

#### Gratuity (funded)

| Experience Adjustments                      | 31 March 2014 | 31 March 2013 | 31 March 2012 | 31 March 2011 | 31 March 2010 |
|---------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Present Value of Defined Benefit Obligation | 590.38        | 480.00        | 424.30        | 333.36        | 243.85        |
| Fair Value of Plan Assets                   | 101.19        | 54.19         | -             | -             | -             |
| Funded Status (Surplus/(Deficit))           | (489.19)      | (425.81)      | (424.30)      | (333.36)      | (243.85)      |
| Net Asset / (Liability)                     | (489.19)      | (425.81)      | (424.30)      | (333.36)      | (243.85)      |
| Experience Adjustment Arising on:           |               |               |               |               |               |
| a. Plan Liabilities (Loss/(Gain))           | 70.53         | 113.11        | 67.72         | 51.00         | 46.53         |
| b. Plan Assets (Loss/(Gain))                | (0.29)        | -             | -             | -             | -             |

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

(Currency: ₹ in Lakhs)

#### Classification into current / non-current

|              | Non - Current |               | Current       |               |
|--------------|---------------|---------------|---------------|---------------|
|              | 31 March 2014 | 31 March 2013 | 31 March 2014 | 31 March 2013 |
| Gratuity     | 406.19        | 376.60        | 83.00         | 49.21         |
| <b>Total</b> | 406.19        | 376.60        | 83.00         | 49.21         |

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.

#### c) Other long-term employee benefits

##### Compensated absences

The liability towards compensated absences (annual and sick leave) for the year ended 31 March 2014 based on actuarial valuation carried out by using Projected unit credit method resulted in increase in liability by ₹ 27.96 Lakhs (31 March 2013: ₹ 134.67 Lakhs).

##### Annual and sick leave assumptions

|                                        | 31 March 2014                                     | 31 March 2013                          |
|----------------------------------------|---------------------------------------------------|----------------------------------------|
| Discount Rate per annum                | 9.00%                                             | 8.20%                                  |
| Expected rate of return on plan Assets | -                                                 | -                                      |
| Salary Escalation rate per annum       | 11%                                               | 10%                                    |
| Mortality                              | Indian Assured lives Mortality (2006-08) Ultimate | Latest compiled Table of LIC (1994-96) |

#### 29.4 Dues to Micro and small suppliers

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.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

(Currency: ₹ in Lakhs)

| Particulars                                                                                                                                                                                                | 31 March 2014 | 31 March 2013 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| 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                                                                                                                          | -             | -             |

#### 29.5 Leases

##### Operating lease as a Lessee

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 ₹ 2,218.50 Lakhs (31 March 2013: ₹ 1,512.34 Lakhs) have been included under “other expense” under the notes to financial statement 27 in the statement of Profit and loss.

The future minimum lease payments in respect of non-cancellable operating leases as at 31 March 2014 are as follows -

| Particulars                                                    | 31 March 2014    | 31 March 2013   |
|----------------------------------------------------------------|------------------|-----------------|
| Amount due within one year from the balance sheet date         | 1,705.34         | 984.43          |
| Amount due for the period after one year and before five years | 5,946.28         | 3,446.14        |
| Amount due for the period after five years                     | 4,129.14         | 1,972.15        |
| <b>Total</b>                                                   | <b>11,780.77</b> | <b>6,402.72</b> |

#### 29.6 Expenditure in foreign currency

| Particulars               | 31 March 2014 | 31 March 2013 |
|---------------------------|---------------|---------------|
| Travelling                | 67.83         | 49.95         |
| Royalty                   | -             | 36.58         |
| Advertisement & Marketing | 15.60         | 11.37         |
| <b>Total</b>              | <b>83.43</b>  | <b>97.90</b>  |

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

(Currency: ₹ in Lakhs)

#### 29.7 Value of Imports calculated on CIF basis

| Particulars      | 31 March 2014   | 31 March 2013 |
|------------------|-----------------|---------------|
| Raw materials    | 1,002.18        | -             |
| Accessories      | 40.95           | -             |
| Watches          | 2,911.06        | 495.83        |
| Packing material | 2.04            | 21.58         |
| <b>Total</b>     | <b>3,956.23</b> | <b>517.41</b> |

#### 29.8 Details of imported and indigenous raw materials consumed during the financial year

| Where of     | Percentage  |             | Value             |                   |
|--------------|-------------|-------------|-------------------|-------------------|
|              | 2014        | 2013        | 2014              | 2013              |
| Imported     | 0.71%       | -           | 1,002.18          | -                 |
| Indigenously | 99.29%      | 100%        | 139,886.82        | 156,274.38        |
| <b>Total</b> | <b>100%</b> | <b>100%</b> | <b>140,889.00</b> | <b>156,274.38</b> |

#### 29.9 Information on related party transactions as required by the Accounting Standard (AS) - 18 for the year ended 31 March 2014

##### I. Name of related parties

###### Key Managerial Personnel

- 1 Shrikant G Zaveri
- 2 Binaisha Zaveri
- 3 Raashi 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 Cupid Annibis Jewellery Private Limited

###### Subsidiary

- 1 Konfiaance Jewellery Private Limited.
- 2 Tribhovandas Bhimji Zaveri (Bombay) Limited

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

(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 Jewellers (Mumbai) Private Limited                                      | Tribhovandas Bhimji Zaveri (TBZ) Private Limited | Super Traditional Metal Crafts (Bombay) Private Limited | Cupid Annibis Jewellery Private Limited | Konfaance Jewellery Private Limited | Tribhovandas Bhimji Zaveri (Bombay) Limited |                        |
| Transaction for the year *                                                 |                          |                    |                    |                                                                                                    |                                                  |                                                         |                                         |                                     |                                             |                        |
| Making and Melting charges                                                 | -                        | -                  | -                  | -                                                                                                  | -                                                | -                                                       | -                                       | -                                   | -                                           | 1,518.48<br>(2,167.91) |
| Commission paid                                                            | (100.00)                 | -                  | -                  | -                                                                                                  | -                                                | -                                                       | -                                       | -                                   | -                                           | -                      |
| Remuneration paid                                                          | 397.95<br>(500.00)       | 205.16<br>(226.80) | 205.16<br>(226.80) | -                                                                                                  | -                                                | -                                                       | -                                       | -                                   | -                                           | -                      |
| Interest paid                                                              | -                        | -                  | -                  | -                                                                                                  | -                                                | -                                                       | -                                       | 0.50                                | -                                           | -                      |
| Reimbursements on behalf of Konfaance Jewellery Private Limited            | -                        | -                  | -                  | -                                                                                                  | -                                                | -                                                       | -                                       | 0.21<br>(0.41)                      | -                                           | -                      |
| Repayment of reimbursement expenses by Konfaance Jewellery Private Limited | -                        | -                  | -                  | -                                                                                                  | -                                                | -                                                       | -                                       | 2.78                                | -                                           | -                      |
| Rent received                                                              | -                        | -                  | -                  | -                                                                                                  | -                                                | -                                                       | -                                       | -                                   | -                                           | -                      |
| Rent paid                                                                  | 161.74<br>(156.74)       | -                  | -                  | -                                                                                                  | -                                                | -                                                       | -                                       | -                                   | 108.00<br>(108.00)                          | -                      |
| Loans taken (Interest bearing)                                             | -                        | -                  | -                  | -                                                                                                  | -                                                | -                                                       | -                                       | -                                   | -                                           | -                      |
| Loan repaid (Interest bearing)                                             | -                        | -                  | -                  | -                                                                                                  | -                                                | -                                                       | -                                       | 82.19                               | -                                           | -                      |
| Loans taken (non interest bearing)                                         | 821.50                   | 119.00             | 102.00             | -                                                                                                  | -                                                | -                                                       | 0.97                                    | -                                   | -                                           | -                      |
| Loan repaid (non interest bearing)                                         | 818.52<br>(716.35)       | 119.00             | 116.95<br>(114.80) | 16.19<br>(0.06)                                                                                    | 16.20<br>(0.06)                                  | 246.88<br>(0.12)                                        | 1.72<br>(0.14)                          | -                                   | -                                           | -                      |
| Closing balance *                                                          | -                        | -                  | -                  | -                                                                                                  | -                                                | -                                                       | -                                       | -                                   | -                                           | -                      |
| Loans payable                                                              | 29.69<br>(26.71)         | -                  | 70.50<br>(85.44)   | (16.19)                                                                                            | -                                                | (246.88)                                                | (0.75)                                  | -                                   | -                                           | -                      |
| Remuneration payable                                                       | (129.16)                 | (15.12)            | (15.12)            | -                                                                                                  | (16.20)                                          | -                                                       | -                                       | -                                   | -                                           | -                      |
| Deposit receivable                                                         | 72.00<br>(72.00)         | -                  | -                  | -                                                                                                  | -                                                | -                                                       | -                                       | -                                   | -                                           | -                      |
| Deposit payable                                                            | -                        | -                  | -                  | -                                                                                                  | -                                                | -                                                       | -                                       | -                                   | 54.00<br>(54.00)                            | -                      |
| Other receivable                                                           | -                        | -                  | -                  | -                                                                                                  | -                                                | -                                                       | -                                       | (2.56)                              | -                                           | -                      |
| Trade payable                                                              | -                        | -                  | -                  | -                                                                                                  | -                                                | -                                                       | -                                       | -                                   | 119.15<br>(313.42)                          | -                      |
| Investment                                                                 | -                        | -                  | -                  | -                                                                                                  | -                                                | -                                                       | -                                       | 100.18<br>(100.18)                  | 202.33<br>(202.33)                          | -                      |

Note: Guarantees given by the managing director ₹ 3014 lakhs (31 March 2013: ₹ Nil)

\* Amounts pertaining to year ended 31 March 2013 are in bracket.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

(Currency: ₹ in Lakhs)

**29.10 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.**

**29.11 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 2014 is as follows:**

#### Provision for Sales promotion expenses

| Particulars                     | 31 March 2014 | 31 March 2013 |
|---------------------------------|---------------|---------------|
| Opening Balance                 | 470.00        | 210.00        |
| Additions (net of utilisations) | 348.00        | 260.00        |
| Closing Balance                 | 818.00        | 470.00        |

#### 29.12 Earning Per Share (EPS)

| Particulars                                                             | 31 March 2014 | 31 March 2013 |
|-------------------------------------------------------------------------|---------------|---------------|
| Profit after taxation (₹ in Lakhs)                                      | 5,505.89      | 8,500.10      |
| Weighted Average Number of Equity Shares for calculation of basic EPS   | 66,697,245    | 65,205,480    |
| Add: effect of potential issues of options                              | 25,489        | 45,751        |
| Weighted Average Number of Equity Shares for calculation of diluted EPS | 66,722,735    | 65,251,231    |
| Basic earnings Per Share (Face value ₹ 10 per share )                   | 8.26          | 13.04         |
| Diluted earnings Per Share (Face value ₹ 10 per share ))                | 8.25          | 13.03         |

#### 29.13 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 segment 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 Derivative instruments

The Company uses cross-currency options to hedge its exposure to movements in foreign exchange rates.

#### Outstanding derivative instruments

| Category                                   | Currency hedge | Amount in foreign currency |      | Amount in Indian rupees |      |
|--------------------------------------------|----------------|----------------------------|------|-------------------------|------|
|                                            |                | 2014                       | 2013 | 2014                    | 2013 |
| Currency options (to hedge trade payables) | Euro           | 24.11                      | -    | 2,034.71                |      |

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

#### 29.15 Previous year figures

(Currency: ₹ in Lakhs)

Details of regrouping/reclassification for the previous year

| Particulars                                         | Amount before reclassification | Adjustment | Amount after reclassification |
|-----------------------------------------------------|--------------------------------|------------|-------------------------------|
| <b>Other Current liabilities</b>                    |                                |            |                               |
| -Advance from customers                             | 11,858.50                      | (9,922.63) | 1,935.87                      |
| -Customers dues under schemes / arrangements        | -                              | 9,922.63   | 9,922.63                      |
| -Capital creditors                                  | 131.75                         | 115.62     | 247.37                        |
| -Provision for capital expenditure                  | 115.62                         | (115.62)   | -                             |
| <b>Deferred tax assets (net)</b>                    |                                |            |                               |
| -Provision for sales promotion                      | 153.67                         | (153.67)   | -                             |
| -Provision for commission to directors              | 32.45                          | (32.45)    | -                             |
| -Provision for expenses                             | -                              | 186.12     | 186.12                        |
| <b>Cash and bank balances</b>                       |                                |            |                               |
| -Other bank balances                                | 2,150.25                       | (22.45)    | 2,127.80                      |
| <b>Other Current assets</b>                         |                                |            |                               |
| -Interest accrued on fixed deposits                 | -                              | 22.45      | 22.45                         |
| <b>Other income</b>                                 |                                |            |                               |
| -Net gain on settlement                             | (98.84)                        | 98.84      | -                             |
| <b>Cost of raw material and components consumed</b> |                                |            |                               |
| -Purchases                                          | 160,843.88                     | (98.84)    | 160,745.04                    |
| <b>Employee benefits</b>                            |                                |            |                               |
| -Contribution to provident and other funds          |                                |            |                               |
| Provident fund                                      | 73.03                          | (73.03)    | -                             |
| Other fund                                          | 31.26                          | (31.26)    | -                             |
| Contribution to provident and other funds           | -                              | 104.29     | 104.29                        |
| <b>Total</b>                                        | <b>175,291.57</b>              | <b>-</b>   | <b>175,291.57</b>             |

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

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

**Vijay Mathur**  
Partner  
Membership No: 046476

**Shrikant Zaveri**  
Chairman and Managing Director

**Raashi Zaveri**  
Whole-time Director

**Saurav Banerjee**  
Chief Financial Officer

**Niraj Oza**  
Company Secretary

Place : Mumbai  
Date : 19 May 2014

Place : Mumbai  
Date : 19 May 2014

## **CONSOLIDATED FINANCIALS**

## INDEPENDENT AUDITOR'S REPORT

To the Members of

**Tribhovandas Bhimji Zaveri Limited**

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Tribhovandas Bhimji Zaveri Limited ('the 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 2014 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 the Consolidated Financial Statements**

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 accounting principles generally accepted in India. 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.

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**

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.

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 presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. 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.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on the financial statements of the subsidiary, Tribhovandas Bhimji Zaveri

(Bombay) Limited, the consolidated financial statements give a true and fair view in conformity with 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 2014;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

#### **Other matter**

We have not audited the financial statements of the subsidiary, Tribhovandas Bhimji Zaveri (Bombay) Limited, included in the consolidated financial statements, which constitute total assets of ₹ 548.16 lakhs as at 31 March 2014, total revenue of ₹. 1,519.76 lakhs and net cash outflows of ₹ 23.10 lakhs for the year then ended. These financial statements have been audited by other auditor whose report has been furnished to us for the purpose of the consolidation, and our opinion, in so far as it related to the amounts included in respect of the subsidiary, is based solely on the report of the other auditor. Our opinion is not qualified in respect of this matter.

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

Mumbai  
19 May 2014

**Vijay Mathur**  
Partner  
Membership No.: 046476

## CONSOLIDATED BALANCE SHEET

### AS AT 31 MARCH 2014

(Currency: ₹ in Lakhs)

|                                                                               | Notes | 31 March 2014 | 31 March 2013 |
|-------------------------------------------------------------------------------|-------|---------------|---------------|
| <b>EQUITY AND LIABILITIES</b>                                                 |       |               |               |
| <b>(1) Shareholders' Funds</b>                                                |       |               |               |
| (a) Share Capital                                                             | 3     | 6,670.40      | 6,666.67      |
| (b) Reserves and Surplus                                                      | 4     | 38,073.04     | 34,322.29     |
|                                                                               |       | 44,743.44     | 40,988.96     |
| <b>(2) Non-Current Liabilities</b>                                            |       |               |               |
| (a) Long-term borrowings                                                      | 5     | 1,653.50      | 1,951.86      |
| (b) Long Term Provisions                                                      | 6     | 621.39        | 653.80        |
|                                                                               |       | 2,274.89      | 2,605.66      |
| <b>(3) Current Liabilities</b>                                                |       |               |               |
| (a) Short Term Borrowings                                                     | 7     | 54,691.24     | 39,448.41     |
| (b) Trade Payables                                                            | 8     | 7,905.87      | 16,940.34     |
| (c) Other Current Liabilities                                                 | 9     | 19,870.94     | 15,418.16     |
| (d) Short Term Provisions                                                     | 10    | 2,129.57      | 2,668.18      |
|                                                                               |       | 84,597.62     | 74,475.09     |
| <b>TOTAL ASSETS</b>                                                           |       | 131,615.95    | 118,069.71    |
| <b>(1) Non-Current Assets</b>                                                 |       |               |               |
| (a) Fixed Assets                                                              | 11    |               |               |
| (i) Tangible Assets                                                           |       | 9,448.83      | 8,649.48      |
| (ii) Intangible Assets                                                        |       | 202.15        | 346.97        |
| (iii) Capital work-in-progress                                                |       | 158.80        | 164.14        |
|                                                                               |       | 9,809.78      | 9,160.59      |
| (b) Non-current Investments                                                   | 12    | 5.29          | 5.28          |
| (c) Deferred tax assets (net)                                                 | 13    | 722.06        | 561.84        |
| (d) Long Term Loans and Advances                                              | 14    | 1,207.17      | 1,083.90      |
|                                                                               |       | 1,934.52      | 1,651.02      |
| <b>(2) Current Assets</b>                                                     |       |               |               |
| (a) Inventories                                                               | 15    | 111,064.48    | 102,549.30    |
| (b) Trade Receivables                                                         | 16    | 286.74        | 176.79        |
| (c) Cash and Bank balances                                                    | 17    | 7,385.66      | 3,240.31      |
| (d) Short-term loans and advances                                             | 18    | 898.83        | 1,269.25      |
| (e) Other Current Assets                                                      | 19    | 235.94        | 22.45         |
|                                                                               |       | 119,871.65    | 107,258.10    |
| <b>TOTAL</b>                                                                  |       | 131,615.95    | 118,069.71    |
| <b>Significant Accounting Policies</b>                                        | 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

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

**Vijay Mathur**  
Partner  
Membership No: 046476

**Shrikant Zaveri**  
Chairman and Managing Director

**Raashi Zaveri**  
Whole-time Director

**Saurav Banerjee**  
Chief Financial Officer

**Niraj Oza**  
Company Secretary

Place : Mumbai  
Date : 19 May 2014

Place : Mumbai  
Date : 19 May 2014

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

## FOR THE YEAR ENDED 31 MARCH 2014

Currency: ₹ in Lakhs)

|                                                                               | Notes | 31 March 2014 | 31 March 2013 |
|-------------------------------------------------------------------------------|-------|---------------|---------------|
| <b>INCOME</b>                                                                 |       |               |               |
| <b>Revenue from operations</b>                                                |       |               |               |
| Sale of product                                                               | 20A   | 181,773.96    | 164,942.24    |
| Other operating revenue                                                       | 20B   | 660.12        | 891.53        |
|                                                                               |       | 182,434.08    | 165,833.77    |
| Other income                                                                  | 21    | 554.68        | 382.82        |
| <b>Total revenue</b>                                                          |       | 182,988.76    | 166,216.59    |
| <b>EXPENSES</b>                                                               |       |               |               |
| Cost of raw materials and components consumed                                 | 22    | 139,370.30    | 155,829.95    |
| Purchase of traded goods                                                      | 23    | 19,777.83     | 26,290.82     |
| Changes in inventories of finished goods and traded goods                     | 24    | (9,145.85)    | (47,843.26)   |
| Employee benefits                                                             | 25    | 6,602.87      | 5,536.82      |
| Other expenses                                                                | 26    | 12,429.44     | 11,044.15     |
| Depreciation and amortisation                                                 | 11    | 1,034.64      | 831.02        |
| Finance costs                                                                 | 27    | 4,636.17      | 2,158.17      |
| <b>Total expenses</b>                                                         |       | 174,705.40    | 153,847.67    |
| <b>Profit before tax</b>                                                      |       | 8,283.36      | 12,368.92     |
| <b>Less: Tax expense</b>                                                      |       |               |               |
| - Current tax                                                                 |       | 2,942.00      | 4,287.00      |
| - Deferred tax                                                                | 13    | (160.22)      | (197.35)      |
| - Provision for tax of earlier years                                          |       | 1.85          | (165.81)      |
| <b>Total tax expense</b>                                                      |       | 2,783.63      | 3,923.84      |
| <b>Profit for the year</b>                                                    |       | 5,499.73      | 8,445.08      |
| Earnings per equity share (Nominal value of share ₹ 10 (31 March 2013: ₹ 10)) | 28.11 |               |               |
| Basic                                                                         |       | 8.25          | 12.95         |
| Diluted                                                                       |       | 8.24          | 12.94         |
| <b>Significant Accounting Policies</b>                                        | 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

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

**Vijay Mathur**  
Partner  
Membership No: 046476

**Shrikant Zaveri**  
Chairman and Managing Director

**Raashi Zaveri**  
Whole-time Director

**Saurav Banerjee**  
Chief Financial Officer

**Niraj Oza**  
Company Secretary

Place : Mumbai  
Date : 19 May 2014

Place : Mumbai  
Date : 19 May 2014

## CONSOLIDATED CASH FLOW STATEMENT

### FOR THE YEAR ENDED 31 MARCH 2014

Currency: ₹ in Lakhs)

|                                                                     | 31 March 2014 | 31 March 2013 |
|---------------------------------------------------------------------|---------------|---------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                       |               |               |
| Net profit before tax                                               | 8,283.36      | 12,368.92     |
| <b>Adjustments for:</b>                                             |               |               |
| Depreciation and amortisation                                       | 1,034.64      | 831.02        |
| Finance costs                                                       | 4,636.17      | 2,158.17      |
| Employee stock options scheme (net)                                 | (14.74)       | (60.46)       |
| Foreign exchange gain (net)                                         | (41.33)       | (0.04)        |
| Interest income on deposits                                         | (464.95)      | (223.92)      |
| Interest income on income tax refund                                | 0.00          | (44.87)       |
| Loss on sales of fixed assets                                       | 3.20          | 11.90         |
| Dividend income                                                     | (1.03)        | (18.34)       |
| Bad debts written off                                               | 12.43         | 0.00          |
| Assets written off                                                  | 44.32         | 1.37          |
| <b>Operating cash flow generated before working capital changes</b> | 13,492.07     | 15,023.75     |
| <b>Movements in working capital</b>                                 |               |               |
| (Increase)/Decrease in trade receivables                            | (122.37)      | 132.20        |
| (Increase) in inventories                                           | (8,515.18)    | (52,358.36)   |
| Decrease/(Increase) in current assets and loans and advances        | 183.21        | (775.90)      |
| (Decrease)/Increase in trade payables                               | (8,993.13)    | 8,301.10      |
| Increase in current liabilities and provisions                      | 4,698.91      | 4,005.17      |
| <b>Cash generated / (used) from operations</b>                      | 743.51        | (25,672.04)   |
| Income taxes paid                                                   | (3,761.70)    | (4,589.88)    |
| <b>Net cash used in operating activities (A)</b>                    | (3,018.19)    | (30,261.92)   |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                       |               |               |
| Purchase of fixed assets                                            | (1,882.64)    | (4,588.38)    |
| Proceeds from sale of fixed assets                                  | 1.46          | 1.78          |
| Bank deposits (having original maturity of more than three months)  | (3,996.03)    | (1,833.50)    |
| Investments in mutual funds                                         | (0.01)        | (0.10)        |
| Dividend received                                                   | 1.02          | 18.34         |
| Interest received on deposits                                       | 464.95        | 223.92        |
| <b>Net cash used in investing activities (B)</b>                    | (5,411.25)    | (6,177.94)    |

## CONSOLIDATED CASH FLOW STATEMENT

### FOR THE YEAR ENDED 31 MARCH 2014

Currency: ₹ in Lakhs)

|                                                                                                                                                                                                                                                                                                              | 31 March 2014   | 31 March 2013    |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|------------------|
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                                                                                                                                                                                                                                                                |                 |                  |
| Proceeds from borrowings                                                                                                                                                                                                                                                                                     | 14,944.47       | 21,020.65        |
| ESOP granted                                                                                                                                                                                                                                                                                                 | 26.37           | 0.00             |
| Dividend paid                                                                                                                                                                                                                                                                                                | (1,500.98)      | 0.00             |
| Dividend distribution tax paid                                                                                                                                                                                                                                                                               | (254.93)        | 0.00             |
| Proceeds from IPO                                                                                                                                                                                                                                                                                            | 0.00            | 20,000.00        |
| Expenses incurred for raising IPO                                                                                                                                                                                                                                                                            | 0.00            | (1,636.00)       |
| Finance cost paid                                                                                                                                                                                                                                                                                            | (4,636.17)      | (2,158.17)       |
| <b>Net cash generated from financing activities (C)</b>                                                                                                                                                                                                                                                      | <b>8,578.76</b> | <b>37,226.48</b> |
| <b>Net increase in cash and cash equivalents (A+B+C)</b>                                                                                                                                                                                                                                                     | <b>149.32</b>   | <b>786.62</b>    |
| <b>Cash and cash equivalent at beginning of year (refer note below)</b>                                                                                                                                                                                                                                      | <b>1,112.51</b> | <b>325.89</b>    |
| <b>Cash and cash equivalent at end of year (refer note below)</b>                                                                                                                                                                                                                                            | <b>1,261.83</b> | <b>1,112.51</b>  |
| <b>Notes to cash flow statement</b>                                                                                                                                                                                                                                                                          |                 |                  |
| 1. Components of cash and cash equivalents:                                                                                                                                                                                                                                                                  |                 |                  |
| Cash on hand                                                                                                                                                                                                                                                                                                 | 805.21          | 438.51           |
| Balances with banks - on current accounts                                                                                                                                                                                                                                                                    | 456.62          | 674.00           |
|                                                                                                                                                                                                                                                                                                              | <b>1,261.83</b> | <b>1,112.51</b>  |
| 2 The above cash flow statement has been prepared using the "indirect method" as 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'). |                 |                  |
| <b>The notes referred to above form an integral part of the financial statements</b>                                                                                                                                                                                                                         |                 |                  |

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

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

**Vijay Mathur**  
Partner  
Membership No: 046476

**Shrikant Zaveri**  
Chairman and Managing Director

**Raashi Zaveri**  
Whole-time Director

**Saurav Banerjee**  
Chief Financial Officer

**Niraj Oza**  
Company Secretary

Place : Mumbai  
Date : 19 May 2014

Place : Mumbai  
Date : 19 May 2014

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2014

### 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 27 show rooms located across India.

The Company successfully completed its Initial Public Offer during the year ended 31 March, 2013 for ₹ 20,000 lakhs by fresh issue of 16,666,667 equity 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 subsidiaries namely "Konfiaance Jewellery Private Limited" ("KJPL") and "Tribhovandas Bhimji Zaveri (Bombay) Limited" (TBZBL). KJPL and TBZBL are wholly owned subsidiaries of the Company.

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

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

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 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 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. 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

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

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

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

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.

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

#### 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 stone at weighted average costs; and
- ii) in case of diamond jewellery, jadau jewellery, platinum diamond jewellery at specific cost.
- iii) in case of watches, at model wise weighted average cost.
- iv) in case of packing material at weighted average cost. The same has been inventorised and expensed based on actual consumption of the packing material.

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.

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.

#### Derivative instruments

The Company uses derivatives to hedge its foreign currency risk exposure relating to firm commitments and highly probable transactions. In accordance with the relevant announcement of the Institute of Chartered Accountants of India, the company provides for losses in respect of such outstanding derivative contracts at the balance sheet date by marking them to market. Net gain, if any, is not recognised. The contracts are aggregated category-wise, to determine the net gain/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

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

for employee services is recognised as an expense as the related service is rendered by employees.

Post-employment benefits

Defined contribution plans

Provident fund

The Company makes regular contributions to the Provident Fund at the prescribed rates. Provident fund are recognized when the liability to contribute to the provident fund arises under the Act.

### Defined benefit plans

#### Gratuity

The Company's gratuity benefit scheme is a 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. The trustee administer 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.

### Other long-term employee benefits

#### 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.

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2014

### 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.

### 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 STATEMENTS

### AS AT 31 MARCH 2014

(Currency: ₹ in Lakhs)

|                                                                              | 31 March 2014 | 31 March 2013 |
|------------------------------------------------------------------------------|---------------|---------------|
| <b>3 SHARE CAPITAL</b>                                                       |               |               |
| <b>Authorised</b>                                                            |               |               |
| 75,000,000 (31 March 2013: 75,000,000) equity shares of ₹ 10 each            | 7,500.00      | 7,500.00      |
|                                                                              | 7,500.00      | 7,500.00      |
| <b>Issued, subscribed and paid-up</b>                                        |               |               |
| 66,703,995 (31 March 2013: 66,666,667) equity shares of ₹ 10 each fully paid | 6,670.40      | 6,666.67      |
|                                                                              | 6,670.40      | 6,666.67      |

**Note :****a Employee stock options**

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company refer note 28.4.

**b Reconciliation of the shares outstanding at the beginning and at the end of the year**

|                                                                      | 31 March 2014 |            | 31 March 2013 |            |
|----------------------------------------------------------------------|---------------|------------|---------------|------------|
| Equity shares                                                        | No. of shares | ₹ in Lakhs | No. of shares | ₹ in Lakhs |
| At the beginning of the year                                         | 66,666,667    | 6,666.67   | 50,000,000    | 5,000.00   |
| Shares issued under IPO                                              | -             | -          | 16,666,667    | 1,666.67   |
| Shares issued on exercise of employee stock option (refer note 28.4) | 37,328        | 3.73       | -             | -          |
| At the end of the year                                               | 66,703,995    | 6,670.40   | 66,666,667    | 6,666.67   |

**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 2014 |            | 31 March 2013 |            |
|--------------------------------------------------------------------------------------------------|---------------|------------|---------------|------------|
|                                                                                                  | No. of shares | ₹ in Lakhs | No. of shares | ₹ in Lakhs |
| 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                                                         |               | -          |               | -          |

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2014

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

|                                      | 31 March 2014      |               | 31 March 2013      |               |
|--------------------------------------|--------------------|---------------|--------------------|---------------|
|                                      | % holding in class | No. of Shares | % holding in class | No. of Shares |
| Equit shares of ₹ 10 each fully paid |                    |               |                    |               |
| Shrikant Zaveri                      | 50.08%             | 33,402,275    | 50.09%             | 33,392,275    |
| Binaisha Zaveri                      | 7.92%              | 5,285,000     | 7.93%              | 5,285,000     |
| Raashi Zaveri                        | 6.85%              | 4,572,500     | 6.86%              | 4,572,500     |
| Smallcap World Fund, INC             | 6.50%              | 4,335,732     | -                  | -             |
| Bindu Zaveri                         | 5.25%              | 3,500,000     | 5.25%              | 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.

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2014

(Currency: ₹ in Lakhs)

|                                                                                       | 31 March 2014    | 31 March 2013    |
|---------------------------------------------------------------------------------------|------------------|------------------|
| <b>4 RESERVES AND SURPLUS</b>                                                         |                  |                  |
| <b>i) Securities premium account</b>                                                  |                  |                  |
| At the commencement of the year                                                       | 16,697.33        | -                |
| Add: premium received on exercise of employee stock options                           | 54.87            | -                |
| Add: premium received on public issue                                                 | -                | 18,333.33        |
| Less: expenses incurred for public issue                                              | -                | (1,636.00)       |
|                                                                                       | 16,752.20        | 16,697.33        |
| <b>ii) Employee stock options outstanding account*</b>                                |                  |                  |
| At the commencement of the year                                                       | 71.83            | 132.29           |
| Add: employee compensation expenses for the year                                      | -                | 15.83            |
| Less: transferred on exercise/cancellation of stock options                           | (46.97)          | (76.29)          |
|                                                                                       | 24.86            | 71.83            |
| <b>iii) Capital reserves</b>                                                          |                  |                  |
| At the commencement of the year                                                       | 36.96            | 36.96            |
| Add: Capital reserves on consolidation of subsidiary company                          | -                | -                |
|                                                                                       | 36.96            | 36.96            |
| <b>iv) Surplus in profit and loss</b>                                                 |                  |                  |
| At the commencement of the year                                                       | 16,666.16        | 10,826.02        |
| <b>Profit for the year</b>                                                            | 5,499.73         | 8,445.08         |
| Less: Appropriations                                                                  |                  |                  |
| - Transfer to general reserves                                                        | (550.59)         | (850.01)         |
| - Equity dividend including dividend distribution tax paid for earlier years          | (0.98)           | -                |
| - Proposed final equity dividend (₹ 2.25 per share (31 March 2013: ₹ 2.25 per share)) | (1,500.84)       | (1,500.00)       |
| - Tax on proposed final equity dividend                                               | (255.06)         | (254.93)         |
|                                                                                       | 19,858.42        | 16,666.16        |
| <b>iv) General reserves</b>                                                           |                  |                  |
| At the commencement of the year                                                       | 850.01           | -                |
| Add: Transfer from statement of profit and loss                                       | 550.59           | 850.01           |
|                                                                                       | 1,400.60         | 850.01           |
| <b>Total reserves and surplus</b>                                                     | <b>38,073.04</b> | <b>34,322.29</b> |

\*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 STATEMENTS

## AS AT 31 MARCH 2014

(Currency: ₹ in Lakhs)

|                                                                          | 31 March 2014 | 31 March 2013 |
|--------------------------------------------------------------------------|---------------|---------------|
| <b>5 LONG-TERM BORROWINGS</b>                                            |               |               |
| <b>Secured</b>                                                           |               |               |
| <b>Term loans</b>                                                        |               |               |
| <b>from banks</b>                                                        |               |               |
| - HDFC Bank Limited term loan*                                           | -             | 128.93        |
| - ICICI Bank Limited term loan**                                         | 1,430.00      | 1,820.00      |
| - HDFC Bank Limited vehicle loan***                                      | -             | 2.01          |
| <b>from financial institutions</b>                                       |               |               |
| - BMW Financial Services****                                             | -             | 0.92          |
| - Volkswagen Finance Pvt Ltd Loan*****                                   | 30.88         | -             |
| <b>Unsecured</b>                                                         |               |               |
| <b>Term loans</b>                                                        |               |               |
| <b>from banks</b>                                                        |               |               |
| - Kotak Mahindra Bank term loan*****                                     | 192.62        | -             |
|                                                                          | 1,653.50      | 1,951.86      |
| Amount disclosed under the head other current liabilities (refer note 9) |               |               |
| - HDFC Bank Limited term loan                                            | -             | 94.49         |
| - ICICI Bank Limited term loan                                           | 390.00        | 390.00        |
| - Dena Bank term Loan                                                    | -             | 22.48         |
| - HDFC Bank Limited vehicle loan                                         | 2.01          | 12.21         |
| - State Bank of India vehicle loan                                       | -             | 9.33          |
| - Kotak Mahindra Bank term loan                                          | 48.16         | -             |
| - BMW Financial Services                                                 | 0.92          | 18.94         |
| - Volkswagen Finance Pvt Ltd Loan                                        | 16.28         | -             |
|                                                                          | 457.37        | 547.45        |

\*The term loan from bank carries interest @ 13.25% 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. This has been repaid during the year on 9 January, 2014.

\*\*The term loan from bank carries interest @ 13.40% 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 @ 9.75% p.a and 10.75% p.a. The loan is repayable

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2014

in 36 monthly installments of ₹ 0.79 Lakhs and ₹ 0.29 Lakhs 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 carrying interest @ 9.75% has been repaid during the year.

\*\*\*\*The vehicle loan from BMW Financial services bank carries interest @ 8.69% p.a and 10.75% p.a. The loan is repayable in 36 monthly installments of ₹ 1.10 Lakhs and ₹ 0.93 Lakhs 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. The vehicle loan carrying interest @ 8.69% has been repaid during the year.

\*\*\*\*\*The vehicle loan from Volkswagen Finance Private Limited bank carries interest @ 10.78%. The loan is repayable in 36 monthly installments of ₹ 1.62 Lakhs alongwith interest, from the date of loan, viz., 13 February 2014. The loan is secured by hypothecation of vehicle.

\*\*\*\*\*The term loan from bank carries interest @ 11.75% p.a. The loan is repayable in 60 monthly installments of ₹ 4.01 Lakhs each alongwith interest, from the date of loan viz., 10th March 2014. The loan is under the process to get secured by hypothecation of first charge on the properties situated at Punjugutta (Hyderabad) of the Company with in 120 days from the date of disbursement. The loan has been taken for purchase of equipment for information Technology (IT) Infrastructure upgradation.

(Currency: ₹ in Lakhs)

|                                                        | 31 March 2014 | 31 March 2013 |
|--------------------------------------------------------|---------------|---------------|
| <b>6 LONG TERM PROVISIONS</b>                          |               |               |
| Provision for employee benefits                        |               |               |
| - Provision for gratuity (refer note 28.6)             | 443.51        | 420.07        |
| - Provision for compensated absences (refer note 28.6) | 177.88        | 233.73        |
|                                                        | 621.39        | 653.80        |

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

## AS AT 31 MARCH 2014

(Currency: ₹ in Lakhs)

|                                       | 31 March 2014 | 31 March 2013 |
|---------------------------------------|---------------|---------------|
| <b>7 SHORT TERM BORROWINGS</b>        |               |               |
| <b>Secured</b>                        |               |               |
| <b>Loans repayable on demand</b>      |               |               |
| - Working capital demand loan*        | 10,000.00     | 3,500.00      |
| - Cash credit from banks**            | 26,490.57     | 8,993.23      |
|                                       | 36,490.57     | 12,493.23     |
| <b>Others</b>                         |               |               |
| - ICICI Bank Limited***               | -             | 3,772.32      |
| - The Bank of Nova Scotia#            | -             | 21,897.40     |
| - HDFC Bank Limited##                 | -             | 893.29        |
| - State Bank of India###              | 11,925.06     | -             |
|                                       | 11,925.06     | 26,563.01     |
| <b>Unsecured</b>                      |               |               |
| <b>Loans repayable on demand</b>      |               |               |
| - Working capital demand loan^        | 2,400.00      | -             |
| - From directors (refer note 28.14)^^ | 100.19        | 112.15        |
| - From associates (refer note 28.14)  | -             | 280.02        |
| <b>Others</b>                         |               |               |
| - Gold borrowings^^^                  | 3,775.42      | -             |
|                                       | 6,275.61      | 392.17        |
|                                       | 54,691.24     | 39,448.41     |

\*The Company has taken term loan from HDFC Bank Ltd of ₹ 5,000 lakhs which is repayable on demand bearing interest @ 12.15% and ₹ 3,000 lakhs and ₹ 2,000 lakhs carrying interest @ 10.50% and 10.80% respectively to be paid via 6 monthly bullet repayments.

\*\*The cash credit from State Bank of India carries interest @ 10.90% p.a. The loan is repayable on demand from the date of loan, viz., 5 October, 2013.

The cash credit from HDFC Bank Ltd carries interest @ 13.20% p.a. The loan is repayable on demand from the date of loan, viz., 5 December, 2013.

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., 26 March, 2013.

The cash credit from ICICI Bank Ltd carries interest @ 12.35% p.a. The loan is repayable on demand from the date of loan, viz., 26 March, 2013.

The cash credit from Kotak Mahindra Bank carries interest @ 12.25% p.a. The loan is repayable on demand from the date of loan, viz., 23 July, 2013.

The cash credit from Central Bank of India carries interest @ 11.95% p.a. The loan is repayable on demand from the date of loan, viz., 16 January, 2014.

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2014

The above Working capital demand loan and the Cash credit facilities are secured by hypothecation of exclusive charge on raw materials, finished goods, receivables, entire fixed assets and current assets of the Company, alongwith first pari passu charge by way of mortgage over Zaveri Bazar property, Surat property, Punjagutta (Hyderabad) property and Charkop factory. Second charge over Corporate office property situated at Nariman point and fixed assets of Pune property. Further, the loan has been guaranteed by the personal guarantee of the Managing Director of the Company to the extent of value of the personal property at Santacruz showroom. Apart from the security mentioned above, with respect to facilities from State Bank of India, a fixed deposit of ₹ 350 lakhs (31 March 2013: ₹ 300 lakhs) has also been given as security.

\*\*\*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 loan is repaid on 8 November 2013.

#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 (SLBC) amounting to 110% of the outstanding value. The gold loan is repaid on 29 January 2014.

##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 (SLBC) amounting to 110% of the outstanding value. The gold loan is repaid on 7 September 2013.

###The gold on loan from State Bank of India carries interest @ 5% p.a. The loan is repayable within 180 days from the date of disbursement. The gold on loan is secured by LOC (Letter of Comfort) amounting to 120% of the outstanding value lien to Cash Credit limit of State Bank of India alongwith security of fixed deposits amounting to ₹ 1,893 lakhs and bank guarantee (backed by fixed deposits) of ₹ 1,400 lakhs.

^The Company has taken term loan from HDFC Bank Ltd of ₹ 2,400 lakhs bearing interest @ 13.00% p.a on 27 march 2014. The loan is repayable within 45 days in 3 tranches of ₹ 800 lakhs each and additional interest.

^^ Loan from directors is interest free and repayable on demand.

^^^ Gold borrowings carry a rate of interest of 5% p.a. and 10% p.a. These are repayable at the end of 361 days from the date of borrowing.

(Currency: ₹ in Lakhs)

|                                                            | 31 March 2014 | 31 March 2013 |
|------------------------------------------------------------|---------------|---------------|
| <b>8 TRADE PAYABLES</b>                                    |               |               |
| <b>Due to</b>                                              |               |               |
| - Micro, Small and Medium Enterprises<br>(refer note 28.5) | -             | -             |
| <b>Other than Micro, Small and Medium Enterprises</b>      |               |               |
| - due to others                                            | 7,905.87      | 16,940.34     |
|                                                            | 7,905.87      | 16,940.34     |

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

## AS AT 31 MARCH 2014

(Currency: ₹ in Lakhs)

|                                                                                                            | 31 March 2014 | 31 March 2013 |
|------------------------------------------------------------------------------------------------------------|---------------|---------------|
| <b>9 OTHER CURRENT LIABILITIES</b>                                                                         |               |               |
| Current maturities of long term borrowings (refer note 5)                                                  | 457.37        | 547.45        |
| Interest accrued but not due on borrowings                                                                 | 114.67        | 105.07        |
| Share application money due for refund*                                                                    | 0.34          | 1.37          |
| <b>Amount liable to be deposited in Investor Education and Protection Fund but not yet due for deposit</b> |               |               |
| - Unclaimed dividend                                                                                       | 0.26          | 0.13          |
| <b>Other payables</b>                                                                                      |               |               |
| - Advance from customers                                                                                   | 1,815.65      | 1,935.87      |
| - Customers dues under schemes / arrangements                                                              | 14,806.82     | 9,922.63      |
| - Statutory liabilities                                                                                    | 243.83        | 386.31        |
| - Book overdraft                                                                                           | 23.81         | -             |
| - Capital creditors                                                                                        | 97.52         | 247.37        |
| - Provision for sales promotion expenses (refer note 28.15)                                                | 818.00        | 470.00        |
| - Provision for expenses                                                                                   | 1,131.46      | 1,002.87      |
| - Provision for employee benefits                                                                          | 316.21        | 799.09        |
|                                                                                                            | 19,870.94     | 15,418.16     |

\*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.

|                                                        | 31 March 2014 | 31 March 2013 |
|--------------------------------------------------------|---------------|---------------|
| <b>10 SHORT TERM PROVISIONS</b>                        |               |               |
| <b>Provision for employee benefits</b>                 |               |               |
| - Provision for gratuity (refer note 28.6)             | 93.81         | 49.22         |
| - Provision for compensated absences (refer note 28.6) | 277.87        | 193.79        |
| <b>Others</b>                                          |               |               |
| - Proposed final equity dividend                       | 1,500.84      | 1,500.00      |
| - Tax on proposed final equity dividend                | 255.06        | 254.92        |
| - Provision for wealth tax                             | 1.99          | 1.96          |
| - Provision for current tax (net of advance tax)       | -             | 668.29        |
|                                                        | 2,129.57      | 2,668.18      |

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

## AS AT 31 MARCH 2014

(Currency: ₹ in Lakhs)

**11 FIXED ASSETS**

| Description of assets           | Gross block           |                           |                                      | Depreciation / Amortisation |                      |                     | Net block            |                      |
|---------------------------------|-----------------------|---------------------------|--------------------------------------|-----------------------------|----------------------|---------------------|----------------------|----------------------|
|                                 | As at 1 April 2013    | Additions during the year | Deletion/ adjustment during the year | As at 31 March 2014         | As at 1 April 2013   | For the year        | As at 31 March 2014  | As at 31 March 2013  |
| <b>Tangible assets</b>          |                       |                           |                                      |                             |                      |                     |                      |                      |
| Land - owned                    | 1443.72<br>(1443.72)  | 0                         | 0                                    | 1443.72<br>(1443.72)        | 0                    | 0                   | 1443.72<br>(1443.72) | 1443.72<br>(1443.72) |
| Buildings - Factory             | 4836.89<br>(2070.21)  | 273.83<br>(2766.68)       | 6.06                                 | 5104.66<br>(4836.89)        | 549.44<br>(331.17)   | 247.55<br>(218.27)  | 4308.56<br>(4287.45) | 4287.45<br>(1739.04) |
| Lease hold improvements         | 1241.8<br>(441.49)    | 174.24<br>(800.31)        | (36.35)                              | 1452.39<br>(1241.8)         | 246.4<br>(158.94)    | 152.97<br>(87.46)   | 1053.02<br>(995.4)   | 995.4<br>(282.55)    |
| Plant and equipment             | 1394.13<br>(955.92)   | 242.12<br>(448.8)         | 20.24<br>(10.59)                     | 1616.01<br>(1394.13)        | 402.56<br>(291.01)   | 160.9<br>(120.8)    | 1059.05<br>(991.57)  | 991.57<br>(664.91)   |
| Furniture and fixtures          | 1293.45<br>(880.5)    | 432.31<br>(412.95)        | 127.46                               | 1598.3<br>(1293.45)         | 602.73<br>(417.07)   | 190.71<br>(185.66)  | 867.56<br>(690.72)   | 690.72<br>(463.43)   |
| Vehicles                        | 270.12<br>(294.31)    | 72.65                     | 19.68<br>(24.19)                     | 323.09<br>(270.12)          | 163.04<br>(133.24)   | 29.92<br>(40.99)    | 145.59<br>(107.08)   | 107.08<br>(161.07)   |
| Computers                       | 412.22<br>(365.51)    | 523.48<br>(49.95)         | 4.9<br>(3.24)                        | 930.8<br>(412.22)           | 278.68<br>(210.82)   | 80.8<br>(70.39)     | 571.33<br>(133.54)   | 133.54<br>(154.69)   |
| <b>Sub Total</b>                | 10892.33<br>(6451.66) | 1718.63<br>(4478.69)      | 141.99<br>(38.02)                    | 12468.97<br>(10892.33)      | 2242.85<br>(1542.25) | 862.85<br>(723.57)  | 9448.83<br>(8649.48) | 8649.48<br>(4909.41) |
| <b>Intangible assets</b>        |                       |                           |                                      |                             |                      |                     |                      |                      |
| Computer software               | 558.16<br>(294.61)    | 19.46<br>(263.55)         | (7.51)                               | 585.13<br>(558.16)          | 211.19<br>(103.74)   | 171.79<br>(107.45)  | 202.15<br>(346.97)   | 346.97<br>(190.87)   |
| Goodwill                        | 43.59<br>(43.59)      | 0                         | 0                                    | 43.59<br>(43.59)            | 43.59<br>(43.59)     | 0                   | 0                    | 0                    |
| <b>Sub Total</b>                | 601.75<br>(338.2)     | 19.46<br>(263.55)         | (7.51)                               | 628.72<br>(601.75)          | 254.78<br>(147.33)   | 171.79<br>(107.45)  | 202.15<br>(346.97)   | 346.97<br>(190.87)   |
| <b>Capital work in progress</b> |                       |                           |                                      |                             |                      |                     |                      |                      |
| Capital work in progress        | 164.14<br>(70.65)     | 158.8<br>(164.14)         | 164.14<br>(70.65)                    | 158.8<br>(164.14)           | 0                    | 0                   | 158.8<br>(164.14)    | 164.14<br>(70.65)    |
| <b>Sub Total</b>                | 164.14<br>(70.65)     | 158.8<br>(164.14)         | 164.14<br>(70.65)                    | 158.8<br>(164.14)           | 0                    | 0                   | 158.8<br>(164.14)    | 164.14<br>(70.65)    |
| <b>Total</b>                    | 11658.22<br>(6860.51) | 1896.89<br>(4906.38)      | 298.62<br>(108.67)                   | 13256.49<br>(11658.22)      | 2497.63<br>(1689.58) | 1034.64<br>(831.02) | 9809.78<br>(9160.59) | 9160.59<br>(5170.93) |

\*Buildings includes net block amounting to ₹ 410.27 Lakhs (31 March 2013 ₹ 445.37 Lakhs) being the value of Factory building situated at Kandivalli.

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

## AS AT 31 MARCH 2014

(Currency: ₹ in Lakhs)

|                                                                                                                   | 31 March 2014 | 31 March 2013 |
|-------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| <b>12 NON CURRENT INVESTMENTS</b>                                                                                 |               |               |
| <b>Other Investments (Cost):</b>                                                                                  |               |               |
| - Investments in equity instruments (Quoted)                                                                      |               |               |
| 17,300 (31 March 2013: 17,300) equity shares of ₹ 10 each, fully paid up of Dena Bank*                            | 5.06          | 5.06          |
| - Investments in mutual funds (Quoted)                                                                            |               |               |
| SBI Mutual Fund Magnum Insta Cash Fund<br>6,434 (31 March 2013: 6,249) units of ₹ 1,675.03 each                   | 0.11          | 0.10          |
| - Investments in mutual funds (unquoted)                                                                          |               |               |
| 1,150 (31 March 2013: 1,150) equity shares of ₹ 10 each, fully paid up of Saraswat Co-operative Bank Limited      | 0.12          | 0.12          |
|                                                                                                                   | 5.29          | 5.28          |
| *Aggregate book value of quoted non-current investment (Market Value ₹ 10.47 Lakhs, 31 March 2013: ₹ 15.57 Lakhs) | 5.06          | 5.06          |
| **Aggregate book value of quoted non-current investment (Market Value ₹ 0.11 Lakhs, 31 March 2013: ₹ 0.10 Lakhs)  | 0.11          | 0.10          |
| Aggregate book value of unquoted non-current investment                                                           | 0.12          | 0.12          |

|                                                                                                                                | 31 March 2014 | 31 March 2013 |
|--------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| <b>13 DEFERRED TAX ASSETS (NET)</b>                                                                                            |               |               |
| Arising on account of timing difference in                                                                                     |               |               |
| <b>Deferred tax liability</b>                                                                                                  |               |               |
| -Excess of depreciation/amortisation on fixed assets under income-tax law over depreciation/ amortisation provided in accounts | (151.32)      | (109.08)      |
| <b>Total deferred tax liability</b>                                                                                            | (151.32)      | (109.08)      |
| <b>Deferred tax assets</b>                                                                                                     |               |               |
| - Provision for employee benefits                                                                                              | 418.46        | 368.04        |
| - Provision for expenses                                                                                                       | 298.66        | 186.12        |
| - Provision for doubtful debts                                                                                                 | 8.47          | 18.09         |
| - Provision for lease rent equalisation                                                                                        | 147.79        | 98.67         |
| <b>Total deferred tax assets</b>                                                                                               | 873.38        | 670.92        |
| <b>Net deferred tax assets</b>                                                                                                 | 722.06        | 561.84        |
| <b>Net changes in deferred tax assets</b>                                                                                      | 160.22        | 197.35        |

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2014

(Currency: ₹ in Lakhs)

|                                                                        | 31 March 2014 | 31 March 2013 |
|------------------------------------------------------------------------|---------------|---------------|
| <b>14 LONG TERM LOANS AND ADVANCES</b>                                 |               |               |
| <b>To related parties</b>                                              |               |               |
| - Security deposits (refer note 28.14)<br>(Unsecured, considered good) | 72.00         | 72.00         |
| <b>To parties other than related parties</b>                           |               |               |
| - Security deposits<br>(Unsecured, considered good)                    | 876.07        | 750.43        |
| - Capital advances<br>(Unsecured, considered good)                     | 63.64         | 174.93        |
| - Other loans and advances                                             |               |               |
| Advance tax (net of provision for tax)                                 | 195.46        | 86.54         |
|                                                                        | 1,207.17      | 1,083.90      |

|                                                        | 31 March 2014 | 31 March 2013 |
|--------------------------------------------------------|---------------|---------------|
| <b>15 INVENTORIES</b>                                  |               |               |
| (valued at the lower of cost and net realisable value) |               |               |
| Raw material                                           | 8,990.21      | 9,666.24      |
| Finished goods and traded goods                        | 101,983.78    | 92,837.93     |
| Packing material                                       | 88.70         | 43.69         |
| Consumables                                            | 1.79          | 1.44          |
|                                                        | 111,064.48    | 102,549.30    |

|                                                                                             | 31 March 2014 | 31 March 2013 |
|---------------------------------------------------------------------------------------------|---------------|---------------|
| <b>16 TRADE RECEIVABLES</b>                                                                 |               |               |
| (Unsecured, considered good unless stated otherwise)                                        |               |               |
| <b>Outstanding for a period exceeding six months from the date they are due for payment</b> |               |               |
| -Unsecured, considered good                                                                 | -             | 1.26          |
| -Doubtful                                                                                   | 25.44         | 53.75         |
|                                                                                             | 25.44         | 55.01         |
| <b>Provision for doubtful receivables</b>                                                   | (25.44)       | (53.75)       |
|                                                                                             | -             | 1.26          |
| <b>Other receivables</b>                                                                    |               |               |
| -Unsecured, considered good *                                                               | 286.74        | 175.53        |
|                                                                                             | 286.74        | 175.53        |
| <b>Total</b>                                                                                | 286.74        | 176.79        |

\* Includes receivable from credit card companies amounting to ₹ 229.92 Lakhs (31 March 2013: ₹ 148.25 Lakhs)

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

## AS AT 31 MARCH 2014

(Currency: ₹ in Lakhs)

|                                                                                   | 31 March 2014 | 31 March 2013 |
|-----------------------------------------------------------------------------------|---------------|---------------|
| <b>17 CASH AND BANK BALANCES</b>                                                  |               |               |
| <b>Cash and cash equivalents</b>                                                  |               |               |
| Cash on hand                                                                      | 805.21        | 438.51        |
| Balances with banks                                                               |               |               |
| - on current accounts                                                             | 456.62        | 674.00        |
| Other bank balances                                                               |               |               |
| - deposits with original maturity for more than 3 months but less than 12 months* | 6,123.83      | 2,127.80      |
|                                                                                   | 7,385.66      | 3,240.31      |

\*Deposits with a carrying amount of ₹ 27.96 Lakhs (31 March 2013: ₹ 28.13 Lakhs) are towards Bank Gurantee given to Bombay Stock Exchange (BSE).

\*Deposits with a carrying amount of ₹ 0.67 Lakhs (31 March 2013: ₹ 35.83 Lakhs) are liened with West Bengal VAT authorities as deposits.

\*Deposits with a carrying amount of ₹ 350.13 Lakhs (31 March 2013: ₹ 343.14 Lakhs) are subject to first charge to secure the Company's cash credit loans.

\*Deposits with a carrying amount of ₹ 3,292.24 Lakhs (31 March 2013: ₹ 1,743.15 Lakhs) are subject to first charge to secure gold loan facility availed from bank.

\*Deposits with a carrying amount of ₹ 2,445.38 Lakhs (31 March 2013: ₹ Nil) are towards Bank Gurantee against import of watches.

\*Deposits with a carrying amount of ₹ 7.44 Lakhs (31 March 2013: ₹ Nil) are towards Base capital given to Multi Commodity Exchange India Ltd.

|                                                                                                                                  | 31 March 2014 | 31 March 2013 |
|----------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| <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'                          | 6,123.83      | 2,127.80      |
| Bank deposits due to mature after 12 months of the reporting date included under 'Other noncurrent assets'                       | -             | -             |
|                                                                                                                                  | 6,123.83      | 2,127.80      |

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2014

(Currency: ₹ in Lakhs)

|                                              | 31 March 2014 | 31 March 2013 |
|----------------------------------------------|---------------|---------------|
| <b>18 Short-term loans and advances</b>      |               |               |
| (Unsecured, considered good)                 |               |               |
| <b>To parties other than related parties</b> |               |               |
| - Security deposits                          | 39.67         | 203.02        |
| - Other loans and advances                   |               |               |
| Advance tax (net of provision for tax)       | 40.65         | -             |
| Advance to suppliers                         | 160.04        | 560.84        |
| Advances to employees and others             | 22.14         | 26.60         |
| Prepaid expenses                             | 435.26        | 256.32        |
| Balance with government authorities          | 201.07        | 222.47        |
|                                              | 898.83        | 1,269.25      |

|                                                      | 31 March 2014 | 31 March 2013 |
|------------------------------------------------------|---------------|---------------|
| <b>19 OTHER CURRENT ASSETS</b>                       |               |               |
| (Unsecured, considered good unless otherwise stated) |               |               |
| Interest accrued on fixed deposits                   | 235.94        | 22.45         |
|                                                      | 235.94        | 22.45         |

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

(Currency: ₹ in Lakhs)

|                                    | 31 March 2014 | 31 March 2013 |
|------------------------------------|---------------|---------------|
| <b>20 REVENUE FROM OPERATIONS</b>  |               |               |
| <b>(A) Sale of products</b>        |               |               |
| Finished goods                     |               |               |
| - Gold                             | 119,815.21    | 110,378.26    |
| - Diamond                          | 27,741.64     | 28,864.44     |
| - Others                           | 2,061.98      | 1,073.75      |
|                                    | 149,618.83    | 140,316.45    |
| Traded goods                       |               |               |
| - Gold                             | 20,607.81     | 13,804.88     |
| - Diamond                          | 9,959.57      | 9,676.20      |
| - Others                           | 1,587.75      | 1,144.71      |
|                                    | 32,155.13     | 24,625.79     |
| <b>Total</b>                       | 181,773.96    | 164,942.24    |
| <b>(B) Other operating revenue</b> | 660.12        | 891.53        |
| <b>Total</b>                       | 660.12        | 891.53        |

|                                                                       | 31 March 2014 | 31 March 2013 |
|-----------------------------------------------------------------------|---------------|---------------|
| <b>21 OTHER INCOME</b>                                                |               |               |
| Interest income on                                                    |               |               |
| - Bank deposits                                                       | 464.95        | 223.92        |
| - Income tax refund                                                   | -             | 44.87         |
| Net gain sale of fixed assets                                         | 0.01          | -             |
| Foreign exchange gain (net)                                           | 41.33         | 0.04          |
| Provision for doubtful debts written back                             | 28.3          | -             |
| Reversal of employee stock options scheme (ESOP)<br>(refer note 28.4) | 14.74         | 76.29         |
| Dividend income from long term investments                            | 1.03          | 18.34         |
| Other income                                                          | 4.32          | -             |
| Liabilities no longer required written back                           | -             | 19.36         |
|                                                                       | 554.68        | 382.82        |

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

(Currency: ₹ in Lakhs)

|                                                         | 31 March 2014 | 31 March 2013 |
|---------------------------------------------------------|---------------|---------------|
| <b>22 COST OF RAW MATERIALS AND COMPONENTS CONSUMED</b> |               |               |
| Inventory at the beginning of the year                  | 9,666.24      | 5,195.58      |
| Add: Purchases                                          | 138,694.27    | 160,300.61    |
|                                                         | 148,360.51    | 165,496.19    |
| Less: Inventory at the end of the year                  | (8,990.21)    | (9,666.24)    |
| Cost of raw material and components consumed            | 139,370.30    | 155,829.95    |
| <b>Details of raw materials and components consumed</b> |               |               |
| - Gold                                                  | 115,950.61    | 126,573.09    |
| - Diamond                                               | 18,789.80     | 27,827.96     |
| - Others                                                | 4,629.89      | 1,428.90      |
|                                                         | 139,370.30    | 155,829.95    |
| <b>Details of inventory</b>                             |               |               |
| Raw material and components                             |               |               |
| - Gold                                                  | 5,131.23      | 4,405.36      |
| - Diamond                                               | 3,858.98      | 5,260.88      |
|                                                         | 8,990.21      | 9,666.24      |

|                                    | 31 March 2014 | 31 March 2013 |
|------------------------------------|---------------|---------------|
| <b>23 PURCHASE OF TRADED GOODS</b> |               |               |
| - Gold                             | 6,475.89      | 7,179.06      |
| - Diamond                          | 10,065.64     | 17,637.38     |
| - Others                           | 3,236.30      | 1,474.38      |
|                                    | 19,777.83     | 26,290.82     |

# **CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 MARCH 2014**

(Currency: ₹ in Lakhs)

|                                                                     | 31 March 2014 | 31 March 2013 |
|---------------------------------------------------------------------|---------------|---------------|
| <b>24 CHANGES IN INVENTORIES OF FINISHED GOODS AND TRADED GOODS</b> |               |               |
| <b>Opening inventory</b>                                            |               |               |
| - Finished goods and traded goods                                   | 92,837.93     | 44,994.67     |
|                                                                     | 92,837.93     | 44,994.67     |
| <b>Closing inventory</b>                                            |               |               |
| - Finished goods and traded goods                                   | 101,983.78    | 92,837.93     |
|                                                                     | 101,983.78    | 92,837.93     |
|                                                                     |               |               |
| Decrease in stock                                                   | (9,145.85)    | (47,843.26)   |
|                                                                     |               |               |
| <b>Details of inventory</b>                                         |               |               |
| <b>Finished goods and traded goods</b>                              |               |               |
| - Gold                                                              | 54,256.12     | 55,140.59     |
| - Diamond                                                           | 40,603.51     | 35,203.64     |
| - Others                                                            | 7,124.15      | 2,493.70      |
|                                                                     | 101,983.78    | 92,837.93     |

|                                                             | 31 March 2014 | 31 March 2013 |
|-------------------------------------------------------------|---------------|---------------|
| <b>25 EMPLOYEE BENEFITS</b>                                 |               |               |
| Salaries, wages and bonus                                   | 6,052.48      | 4,915.32      |
| Contribution to provident and other funds (refer note 28.6) | 128.15        | 106.66        |
| Employee stock compensation expenses (refer note 28.4)      | 0.00          | 15.83         |
| Staff welfare expenses                                      | 226.27        | 178.49        |
| Gratuity expenses (refer note 28.6)                         | 146.53        | 172.65        |
| Compensated absences                                        | 49.44         | 147.87        |
|                                                             | 6,602.87      | 5,536.82      |

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

(Currency: ₹ in Lakhs)

|                                               | 31 March 2014 | 31 March 2013 |
|-----------------------------------------------|---------------|---------------|
| <b>26 OTHER EXPENSES</b>                      |               |               |
| Power and fuel                                | 522.47        | 336.34        |
| Water charges                                 | 20.31         | 14.76         |
| Boxes and packing material                    | 187.72        | 132.02        |
| Repairs and maintenance to others             | 357.10        | 159.59        |
| Jobwork charges                               | 383.37        | 83.27         |
| Stores and spares consumed                    | 527.72        | 0.00          |
| Rent (refer note 28.7)                        | 2,218.50      | 1,512.34      |
| Advertisement and sales promotion             | 4,418.06      | 5,356.03      |
| Freight and forwarding charges                | 110.57        | 106.03        |
| Commission and service charges                | 18.99         | 39.16         |
| Insurance                                     | 66.10         | 57.74         |
| Travelling and conveyance expenses            | 354.78        | 374.92        |
| Rates and taxes                               | 927.88        | 851.74        |
| Computer and software expenses                | 120.68        | 87.29         |
| Legal and professional fees (refer note 26.1) | 754.61        | 858.01        |
| Royalty (refer note 26.1)                     | 13.48         | 41.10         |
| Postage, telegrams and telephone charges      | 262.32        | 163.25        |
| Printing and stationery                       | 94.10         | 64.41         |
| Payment to auditors:                          |               |               |
| - Statutory audit                             | 51.73         | 56.39         |
| - reimbursement of expenses                   | 1.98          | 1.07          |
| Vehicle expenses                              | 22.67         | 22.94         |
| Security charges                              | 202.44        | 148.18        |
| Bank charges                                  | 523.50        | 335.16        |
| Miscellaneous expenses                        | 138.81        | 192.19        |
| Asset written off                             | 44.32         | 1.37          |
| Loss on sale of assets                        | 3.20          | 11.90         |
| Loss on commodity hedging transaction         | 11.55         | 0.00          |
| Commodity hedging cost                        | 15.75         | 0.00          |
| Bad debts written off                         | 12.43         | 0.00          |
| Directors sitting fees                        | 5.81          | 6.02          |
| Commission to directors                       | 36.49         | 30.93         |
|                                               | 12,429.44     | 11,044.15     |

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

(Currency: ₹ in Lakhs)

|                                                                     | 31 March 2014 | 31 March 2013 |
|---------------------------------------------------------------------|---------------|---------------|
| <b>26.1 PRIOR PERIOD ITEM</b>                                       |               |               |
| Provision for royalty not made in previous year                     | -             | 18.37         |
| Provision for legal and professional fees not made in previous year | -             | 0.63          |
|                                                                     | -             | 19.00         |

|                         | 31 March 2014 | 31 March 2013 |
|-------------------------|---------------|---------------|
| <b>27 FINANCE COSTS</b> |               |               |
| Interest expenses       | 4,317.73      | 1,955.59      |
| Other borrowing costs   | 318.44        | 202.58        |
|                         | 4,636.17      | 2,158.17      |

## 28 NOTES TO ACCOUNTS

### 28.1 Contingent liabilities and commitments

#### Contingent Liabilities

Claims against the Company not acknowledge as debt

#### 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 Lakh, the Company has filed an appeal against the aforesaid notice. The appellate matter is currently pending with the Commissioner of Income Tax (Appeal).

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. 2011 - 2012 for the payment of ₹ 136.06 Lakh, the Company has filed an appeal against the aforesaid notice. The appellate matter is currently pending with the Commissioner of Income Tax (Appeal).

#### Commitments

Estimated amount of Contracts remaining to be executed on capital account and not provided for as at 31 March 2014 is ₹ 747.44 Lakhs (31 March 2013: ₹ 274.74 Lakhs) (net of advances).

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

(Currency: ₹ in Lakhs)

#### 28.2. 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 2014 | Accounting period            |
|---------------------------------------------|--------------------------|----------------------------------|------------------------------|
| Konfiaance Jewellery Private Limited        | India                    | 100.00%                          | 1 April 2013 - 31 March 2014 |
| Tribhovandas Bhimji Zaveri (Bombay) Limited | India                    | 100.00%                          | 1 April 2013 - 31 March 2014 |

#### 28.3. Principles of consolidation

- (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. 28.2 have been considered for the purpose of consolidation.
- (ii) The financial statements of the parent company and its subsidiaries as described in note no. 28.2 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.

#### 28.4. 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.

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(Currency: ₹ in Lakhs)

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%                         |

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

|                                             |                |
|---------------------------------------------|----------------|
| Maximum term of options granted ( In years) | 3.65           |
| Method of settlement                        | Equity settled |

Employee stock option activity under Scheme 2011 is as follows:

#### 1) Options

| Particulars                                   | 31 March 2014 | 31 March 2013 |
|-----------------------------------------------|---------------|---------------|
| Outstanding at beginning of the year          | 53,074        | 111,309       |
| Granted during the period                     | Nil           | Nil           |
| Forfeited during the period                   | Nil           | Nil           |
| Cancelled during the year                     | 12,327        | 58,235        |
| Exercised during the period                   | 16,175        | Nil           |
| Outstanding at the end of the period          | 24,572        | 53,074        |
| 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 ₹ (0.87 Lakhs) (31 March 2013 ₹ (2.44 Lakhs))

The total carrying amount as at 31 March 2014 on account of Options is ₹ 1.74 Lakhs (31 March 2013: ₹ 3.75 Lakhs)

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

| Particulars                                   | 31 March 2014 | 31 March 2013 |
|-----------------------------------------------|---------------|---------------|
| Outstanding at beginning of the year          | 46,311        | 97,124        |
| Granted during the period                     | Nil           | Nil           |
| Forfeited during the period                   | Nil           | Nil           |
| Cancelled during the year                     | 9,435         | 50,813        |
| Exercised during the period                   | 21,153        | Nil           |
| Outstanding at the end of the period          | 15,723        | 46,311        |
| Vested and exercisable at the end of the year | Nil           | Nil           |

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(Currency: ₹ in Lakhs)

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 ₹ (13.87 Lakhs) (31 March 2013 ₹ (58.03 Lakhs))

The total carrying amount as at 31 March 2014 on account of RSU is ₹ 23.11 Lakhs (31 March 2013: ₹ 68.08 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:

| Particulars                            | 31 March 2014 | 31 March 2013 |
|----------------------------------------|---------------|---------------|
| Net Income as reported                 | 5,499.73      | 8,445.08      |
| Add: Intrinsic Value Compensation Cost | (14.74)       | (60.46)       |
| Less: Fair Value Compensation Cost     | 3.64          | 23.19         |
| Adjusted Proforma Income               | 5,481.35      | 8,361.43      |
| <b>Earning Per Share: Basic (₹)</b>    |               |               |
| As Reported                            | 8.25          | 12.95         |
| Adjusted Pro Forma                     | 8.22          | 12.82         |
| <b>Earning Per Share: Diluted (₹)</b>  |               |               |
| As Reported                            | 8.24          | 12.94         |
| Adjusted Pro Forma                     | 8.22          | 12.81         |

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

(Currency: ₹ in Lakhs)

| Particulars                                                                                                                                    | 31 March 2014 |        | 31 March 2013 |        |
|------------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------|---------------|--------|
|                                                                                                                                                | Options       | RSUs   | Options       | RSUs   |
| <b>The key assumptions used to estimate the fair value of options are :</b>                                                                    |               |        |               |        |
| - 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%  |
| <b>Any other inputs to the model including the method used and the assumptions made to incorporate the effects of expected early exercise.</b> |               |        |               |        |
| - 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 STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

(Currency: ₹ in Lakhs)

#### 28.5. Dues to Micro and small suppliers

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.

| Particulars                                                                                                                                                                                                | 31 March 2014 | 31 March 2013 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| 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                                                                                                                          | -             | -             |

#### 28.6. Employee Benefits:

##### a) Defined contribution plans

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund, which is a defined contribution plan. The company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognised as an expense towards contribution to Provident Fund for the year aggregated to ₹ 128.15 Lakhs (31 March 2013: ₹ 106.66 Lakhs) which is shown under notes to financial statements 25 – 'Employee benefits'.

##### b) Defined benefit plans

##### Gratuity (funded)

|                                                            | 31 March 2014 | 31 March 2013 |
|------------------------------------------------------------|---------------|---------------|
| <b>I Change in Benefit Obligation</b>                      |               |               |
| Liability at the beginning of the year                     | 523.48        | 454.76        |
| Liability of subsidiary prior to acquisition of its shares | 0.00          | 0.00          |
| Interest cost                                              | 46.48         | 40.89         |
| Current service cost                                       | 252.93        | 182.43        |
| Benefit paid                                               | (74.43)       | (33.08)       |
| Actuarial (gain) / loss on obligations                     | (109.94)      | (121.52)      |
| Liability at the end of the year                           | 638.52        | 523.48        |

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

(Currency: ₹ in Lakhs)

|                                                                    | 31 March 2014 | 31 March 2013 |
|--------------------------------------------------------------------|---------------|---------------|
| <b>II Amount Recognised in the Balance Sheet</b>                   |               |               |
| Liability at the end of the year                                   | 638.52        | 523.48        |
| Fair value of plan assets at the end of the year                   | (101.19)      | (54.19)       |
| Amount recognised in the balance sheet                             | 537.33        | 469.29        |
| <b>III Expenses recognised in the statement of profit and loss</b> |               |               |
| Current service cost                                               | 252.93        | 182.43        |
| Interest cost                                                      | 46.48         | 40.89         |
| Expected return on plan assets                                     | (4.67)        | 0.00          |
| Net actuarial (gain) / loss to be recognised                       | (102.95)      | (121.52)      |
| Expenses of the subsidiary prior to acquisition of its shares      | 0.00          | 0.00          |
| Expense recognised in statement of profit and loss                 | 191.79        | 101.80        |
| <b>IV Balance Sheet Reconciliation</b>                             |               |               |
| Opening net liability                                              | 469.29        | 454.76        |
| Liability of subsidiary prior to acquisition of its shares         | 0.00          | 0.00          |
| Expense recognized in the statement of profit and loss account     | 191.79        | 101.80        |
| Contribution Paid                                                  | (22.57)       | (33.08)       |
| Fair value of plan assets at the end of the year                   | (101.19)      | (54.19)       |
| Amount recognised in balance sheet                                 | 537.32        | 469.29        |
| <b>V Composition of plan assets</b>                                |               |               |
| Qualifying insurance policies*                                     | 101.19        | 54.19         |
| <b>VI Movement in fair value of plan assets</b>                    |               |               |
| Fair value of plan assets at the beginning of the year             | 54.19         | 0.00          |
| Contributions paid into the plan                                   | 106.50        | 54.19         |
| Benefits paid by the plan                                          | (57.45)       | 0.00          |
| Expected return on plan assets                                     | 4.67          | 0.00          |
| Actuarial (losses) / gains                                         | (6.72)        | 0.00          |
| Fair value of plan assets at the end of the year                   | 101.19        | 54.19         |
| <b>VII Principal Actuarial Assumptions</b>                         |               |               |
| Discount Rate per annum                                            | 9.05%         | 8.20%         |
| Expected rate of return on plan Assets                             | -             | -             |
| Salary Escalation rate per annum                                   | 9.50%         | 9.00%         |

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

(Currency: ₹ in Lakhs)

|           | 31 March 2014                                     | 31 March 2013                          |
|-----------|---------------------------------------------------|----------------------------------------|
| Mortality | Indian Assured lives Mortality (2006-08) Ultimate | Latest compiled Table of LIC (1994-96) |

\*The Company has maintained funds with Life Insurance Corporation of India and HDFC Life. The Company is unable to obtain the details of major category of Plan assets from the insurance companies and hence the disclosure thereof is not made.

**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.**

#### Gratuity (funded)

| Experience Adjustments                      | 31 March 2014 | 31 March 2013 | 31 March 2012 | 31 March 2011 | 31 March 2010 |
|---------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Present Value of Defined Benefit Obligation | 638.52        | 523.48        | 454.76        | 367.34        | 270.51        |
| Fair Value of Plan Assets                   | 101.19        | 54.19         | -             | -             | -             |
| Funded Status (Surplus/(Deficit))           | (537.32)      | (469.29)      | (454.76)      | (367.34)      | (270.51)      |
| Net Asset / (Liability)                     | (537.32)      | (469.29)      | (454.76)      | (367.34)      | (270.51)      |
| Experience Adjustment Arising on:           |               |               |               |               |               |
| a. Plan Liabilities (Loss/(Gain))           | (69.27)       | 111.25        | 73.02         | 48.56         | 46.73         |
| b. Plan Assets (Loss/(Gain))                | 0.29          | -             | -             | -             | -             |

#### Classification into current / non-current

| Particulars  | Non - Current |           | Current   |           |
|--------------|---------------|-----------|-----------|-----------|
|              | 31-Mar-14     | 31-Mar-13 | 31-Mar-14 | 31-Mar-13 |
| Gratuity     | 443.51        | 420.07    | 93.81     | 49.22     |
| <b>Total</b> | 443.51        | 420.07    | 93.81     | 49.22     |

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.

#### c) Other long-term employee benefits

##### Compensated absences

The liability towards compensated absences (annual leave) for the year ended 31 March 2014 based on actuarial valuation carried out by using Projected unit credit method resulted in increase in liability by ₹ 28.23 Lakhs (31 March 2013: ₹ 142.47 Lakhs).

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

(Currency: ₹ in Lakhs)

#### Annual leave assumptions

|                                        | 31-Mar-14                                         | 31-Mar-13                              |
|----------------------------------------|---------------------------------------------------|----------------------------------------|
| Discount Rate per annum                | 9.05%                                             | 8.70%                                  |
| Expected rate of return on plan Assets | -                                                 | -                                      |
| Salary Escalation rate per annum       | 9.50%                                             | 10.00%                                 |
| Mortality                              | Indian Assured lives Mortality (2006-08) Ultimate | Latest compiled Table of LIC (1994-96) |

#### 28.7 Operating lease obligations

##### Operating lease as a Lessee

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 ₹ 2,218.50 Lakhs (2013: ₹ 1,512.34 Lakhs ) have been included under “other expense” under the notes to financial statement 26 in the statement of Profit and loss.

The future minimum lease payments in respect of non-cancellable operating leases as at 31 March 2014 are as follows -

| Particulars                                                    | 31 March 2014    | 31 March 2013   |
|----------------------------------------------------------------|------------------|-----------------|
| Amount due within one year from the balance sheet date         | 1,705.34         | 984.43          |
| Amount due for the period after one year and before five years | 5,946.28         | 3,446.14        |
| Amount due for the period after five years                     | 4,129.14         | 1,972.15        |
| <b>Total</b>                                                   | <b>11,780.76</b> | <b>6,402.72</b> |

#### 28.8 Expenditure in foreign currency

| Particulars                        | 31 March 2014 | 31 March 2013 |
|------------------------------------|---------------|---------------|
| Travelling                         | 67.83         | 49.95         |
| Royalty                            | 0             | 36.58         |
| Professional fee for Advertisement | 0             | 11.37         |
| Marketing Expense                  | 15.6          | 0.00          |
| Repair and Maintenance             | 0.21          | 5.91          |
| <b>Total</b>                       | <b>83.64</b>  | <b>103.81</b> |

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

(Currency: ₹ in Lakhs)

#### 28.9 Value of Imports calculated on CIF basis

| Particulars       | 31 March 2014   | 31 March 2013 |
|-------------------|-----------------|---------------|
| Raw materials     | 1,002.17        | -             |
| Accessories       | 40.95           | -             |
| Capital goods     | 18.20           | 15.93         |
| Watches           | 2,911.06        | 495.83        |
| Packing material  | 2.04            | 21.58         |
| Stores and Spares | 1.82            | 10.01         |
| <b>Total</b>      | <b>3,976.24</b> | <b>543.34</b> |

#### 28.10 Details of imported and indigenous raw materials consumed during the financial year

| Particulars  | Percentage     |                | Value             |                   |
|--------------|----------------|----------------|-------------------|-------------------|
|              | 2014           | 2013           | 2014              | 2013              |
| Imported     | 0.71%          | 0.01%          | 1,003.99          | 10.01             |
| Indigenously | 99.29%         | 99.99%         | 140,412.73        | 155,918.78        |
| <b>Total</b> | <b>100.00%</b> | <b>100.00%</b> | <b>141,416.72</b> | <b>155,928.79</b> |

#### 28.11 Earning Per Share (EPS)

| Particulars                                                             | 31 March 2014 | 31 March 2013 |
|-------------------------------------------------------------------------|---------------|---------------|
| Profit after taxation (₹ in Lakhs)                                      | 5,499.73      | 8,445.08      |
| Weighted Average Number of Equity Shares for calculation of basic EPS   | 66,697,245    | 65,205,480    |
| Add: effect of potential issues of options                              | 25,489        | 45,751        |
| Weighted Average Number of Equity Shares for calculation of diluted EPS | 66,722,735    | 65,251,231    |
| Basic earnings Per Share (Face value ₹ 10 per share )                   | 8.25          | 12.95         |
| Diluted earnings Per Share (Face value ₹ 10 per share ))                | 8.24          | 12.94         |

#### 28.12 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.

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

(Currency: ₹ in Lakhs)

#### 28.13 Derivative instruments

The Company uses cross-currency options to hedge its exposure to movements in foreign exchange rates.

##### Outstanding derivative instruments

| Category                                   | Currency hedge | Amount in foreign currency |      | Amount in Indian rupees |      |
|--------------------------------------------|----------------|----------------------------|------|-------------------------|------|
|                                            |                | 2014                       | 2013 | 2014                    | 2013 |
| Currency options (to hedge trade payables) | Euro           | 24.11                      | -    | 2,034.71                |      |

#### 28.14 Information on related party transactions as required by the Accounting Standard (AS) - 18 for the year ended 31 March 2014

##### I. Name of related parties

###### Key Managerial Personnel

- 1 Shrikant G Zaveri
- 2 Binaisha Zaveri
- 3 Raashi 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 Cupid Annibis Jewellery Private Limited

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

#### II. Details of related party transactions during the year ended 31 March 2014:

(Currency: ₹ in Lakhs)

| 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      | 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 paid                    | -<br>(100.00)            | -                  | -                  | -                                                                                                  | -                                                | -                                                       | -                                       |
| Remuneration paid                  | 397.95<br>(500.00)       | 205.16<br>(226.80) | 205.16<br>(226.80) | -                                                                                                  | -                                                | -                                                       | -                                       |
| Rent paid                          | 161.74<br>(156.74)       | -                  | -                  | -                                                                                                  | -                                                | -                                                       | -                                       |
| Loans taken (non interest bearing) | 821.50                   | 119.00             | 102.00             | -                                                                                                  | -                                                | -                                                       | 0.97                                    |
|                                    | -                        | -                  | -                  | -                                                                                                  | -                                                | -                                                       | -                                       |
| Loan repaid (non interest bearing) | 818.52<br>(716.35)       | 119.00             | 116.95<br>(114.80) | 16.19<br>(0.06)                                                                                    | 16.20<br>(0.06)                                  | 246.88<br>(0.12)                                        | 1.72<br>(0.14)                          |
| <b>Closing balance *</b>           |                          |                    |                    |                                                                                                    |                                                  |                                                         |                                         |
| Loans payable                      | 29.69<br>(26.71)         | -                  | 70.50<br>(85.44)   | -                                                                                                  | -                                                | -                                                       | -                                       |
| Remuneration payable               | -<br>(129.16)            | -                  | -                  | (16.19)                                                                                            | (16.20)                                          | (246.88)                                                | (0.75)                                  |
| Deposit receivable                 | 72.00<br>(72.00)         | (15.12)            | (15.12)            | -                                                                                                  | -                                                | -                                                       | -                                       |

\*\*Guarantees given by the managing director ₹ 3,014 lakhs (31 March 2013: ₹ Nil)

\* Amounts pertaining to year ended 31 March 2013 are in bracket.

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

(Currency: ₹ in Lakhs)

**28.15 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 2014 is as follows:**

**Provision for Sales promotion expenses**

| Particulars                     | 31 March 2014 | 31 March 2013 |
|---------------------------------|---------------|---------------|
| Opening Balance                 | 470.00        | 210.00        |
| Additions (net of utilisations) | 348.00        | 260.00        |
| Closing Balance                 | 818.00        | 470.00        |

**28.16 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.**

**28.17 Previous year figures**

Details of regrouping/reclassification for the previous year

| Particulars                                         | Amount before reclassification | Adjustment | Amount after reclassification |
|-----------------------------------------------------|--------------------------------|------------|-------------------------------|
| <b>Other Current liabilities</b>                    |                                |            |                               |
| -Advance from customers                             | 11,858.50                      | (9,922.63) | 1,935.87                      |
| -Customers dues under schemes / arrangements        | -                              | 9,922.63   | 9,922.63                      |
| -Capital creditors                                  | 131.75                         | 115.62     | 247.37                        |
| -Provision for capital expenditure                  | 115.62                         | (115.62)   | -                             |
| <b>Deferred tax assets (net)</b>                    |                                |            |                               |
| -Provision for sales promotion                      | 153.67                         | (153.67)   | -                             |
| -Provision for commission to directors              | 32.45                          | (32.45)    | -                             |
| -Provision for expenses                             | -                              | 186.12     | 186.12                        |
| <b>Cash and bank balances</b>                       |                                |            |                               |
| -Other bank balances                                | 2,150.25                       | (22.45)    | 2,127.80                      |
| <b>Other Current assets</b>                         |                                |            |                               |
| -Interest accrued on fixed deposits                 | -                              | 22.45      | 22.45                         |
| <b>Other income</b>                                 |                                |            |                               |
| -Net gain on settlement                             | (98.84)                        | 98.84      | -                             |
| <b>Cost of raw material and components consumed</b> |                                |            |                               |
| -Purchases                                          | 160,399.45                     | (98.84)    | 160,300.61                    |

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2014

(Currency: ₹ in Lakhs)

| Particulars                                 | Amount before reclassification | Adjustment | Amount after reclassification |
|---------------------------------------------|--------------------------------|------------|-------------------------------|
| <b>Employee benefits</b>                    |                                |            |                               |
| - Contribution to provident and other funds |                                |            |                               |
| Provident fund                              | 74.57                          | (74.57)    | 0.00                          |
| Other fund                                  | 32.09                          | (32.09)    | 0.00                          |
| Contribution to provident and other funds   | 0.00                           | 106.66     | 106.66                        |
| <b>Other expenses</b>                       |                                |            |                               |
| - Repairs and maintenance to Others         | 146.42                         | (146.42)   | 0.00                          |
| Plant and machinery                         | 13.17                          | (13.17)    | 0.00                          |
| Repairs and maintenance to others           | 0.00                           | 159.59     | 159.59                        |
| <b>Total</b>                                | 175,009.10                     | 0.00       | 175,009.10                    |

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

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

**Vijay Mathur**  
Partner  
Membership No: 046476

**Shrikant Zaveri**  
Chairman and Managing Director

**Raashi Zaveri**  
Whole-time Director

**Saurav Banerjee**  
Chief Financial Officer

**Niraj Oza**  
Company Secretary

Place : Mumbai  
Date : 19 May 2014

Place : Mumbai  
Date : 19 May 2014

# STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES ANNEXED TO THE BALANCE SHEET AS AT 31ST MARCH, 2014

(₹ in Lakhs)

| Name of the<br>Subsidiary<br>Company                                            | The<br>Financial<br>year of the<br>Company<br>ended on | Holding Company's interest<br>as at close of financial year of<br>subsidiary company | Holding Company's interest |                        | Net aggregate amount<br>of subsidiary company's<br>profit after deducting<br>its losses or vice-versa,<br>so far as it concerns<br>members of the Holding<br>Company which are<br>not deal within the<br>Company's account |                                          | Net Aggregate amount<br>of subsidiary company's<br>profit after deducting<br>its losses or vice-<br>versa, dealt within the<br>Company's account |                                          |
|---------------------------------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------------------------------------|----------------------------|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|
|                                                                                 |                                                        |                                                                                      | Shareholding               | Extent of<br>Holding % | For the<br>current<br>financial<br>year                                                                                                                                                                                    | For the<br>previous<br>financial<br>year | For the<br>current<br>financial<br>year                                                                                                          | For the<br>previous<br>financial<br>year |
| Konfiance<br>Jewellery Private<br>Limited (w.e.f. 11<br>September 2009)         | 31 March<br>2014                                       | 100,000 equity<br>share of ₹ 10<br>each                                              | 100.00%                    |                        | -                                                                                                                                                                                                                          | (1.80)                                   | (0.89)                                                                                                                                           | (1.80)                                   |
| Tribhovandas<br>Bhimji Zaveri<br>(Bombay)<br>Limited (w.e.f. 4<br>October 2010) | 31 March<br>2014                                       | 5,020 equity<br>share of ₹ 100<br>each                                               | 100.00%                    |                        | -                                                                                                                                                                                                                          | 137.52                                   | (70.31)                                                                                                                                          | 137.52                                   |

**FINANCIAL INFORMATION RELATING TO SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31 MARCH 2014**

(₹ in Lakhs)

| Name of the Subsidiary                                              | Capital | Reserve | Total Assets | Total Liabilities | Investment            |                                    |                       |           | Turnover | Profit before tax | Provision for tax | Profit after tax | Proposed dividend |
|---------------------------------------------------------------------|---------|---------|--------------|-------------------|-----------------------|------------------------------------|-----------------------|-----------|----------|-------------------|-------------------|------------------|-------------------|
|                                                                     |         |         |              |                   | Government Securities | Shares, Debentures, Bonds & Others | Units of Mutual funds | Associate |          |                   |                   |                  |                   |
| Konfiance Jewellery Private Limited (w.e.f. 11 September 2009)      | 10.00   | 89.05   | 99.94        | 0.89              | -                     | -                                  | -                     | -         | 0.50     | (0.89)            | -                 | (0.89)           | -                 |
| Tribhovandas Bhimji Zaveri (Bombay) Limited (w.e.f. 4 October 2010) | 5.02    | 300.68  | 548.16       | 242.46            | -                     | 5.18                               | -                     | -         | 1,519.77 | (80.21)           | (9.89)            | (70.31)          | -                 |

**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.



# **TRIBHOVANDAS BHIMJI ZAVERI LIMITED**

CIN: L27205MH2007PLC172598

Regd: Off.: 241/43, Zaveri Bazar, Mumbai - 400 002.

Tel. No.: (022) 3956 5001. Fax No.: (022) 3956 5056.

Corporate Off.: 1106 to 1121, 11<sup>th</sup> Floor, West Wing, Tulsiani Chambers, 212, Backbay Reclamation, Free Press Journal Road,

Nariman Point, Mumbai - 400 021. Website: [www.tbztheoriginal.com](http://www.tbztheoriginal.com)

Tel. No.: (022) 3073 5000. Fax No. (022) 3073 5088. Email: [www.investors@tbzoriginal.com](mailto:www.investors@tbzoriginal.com).

## **Form No. MGT-11 Proxy Form**

(Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014)

|                        |   |                                                                                                                                                                                                                                                                         |      |  |
|------------------------|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|--|
| CIN                    | : | L27205MH2007PLC172598                                                                                                                                                                                                                                                   |      |  |
| Name of the Company    | : | Tribhovandas Bhimji Zaveri Limited                                                                                                                                                                                                                                      |      |  |
| Registered Office      | : | 241/43, Zaveri Bazar, Mumbai - 400 002.<br>Tel. No.: (022) 3956 5001.<br>Fax No.: (022) 3956 5056<br>E-mail ID: <a href="mailto:investors@tbzoriginal.com">investors@tbzoriginal.com</a><br>Website: <a href="http://www.tbztheoriginal.com">www.tbztheoriginal.com</a> |      |  |
| Name of the member (s) | : |                                                                                                                                                                                                                                                                         |      |  |
| Registered Address     | : |                                                                                                                                                                                                                                                                         |      |  |
| E-mail ID              | : |                                                                                                                                                                                                                                                                         | D.P. |  |
| Folio No. / Client ID  | : |                                                                                                                                                                                                                                                                         | ID:  |  |

I / We being member (s) of \_\_\_\_\_ shares of the above named Company, hereby appoint

|    |           |  |                     |
|----|-----------|--|---------------------|
| 1. | Name      |  |                     |
|    | Address   |  |                     |
|    | E-mail Id |  |                     |
|    | Signature |  | or failing him/ her |
| 2. | Name      |  |                     |
|    | Address   |  |                     |
|    | E-mail Id |  |                     |
|    | Signature |  | or failing him/ her |
| 3. | Name      |  |                     |
|    | Address   |  |                     |
|    | E-mail Id |  |                     |
|    | Signature |  |                     |

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 7<sup>th</sup> Annual General Meeting of the Company to be held on Wednesday, 24<sup>th</sup> September, 2014 at 3.30 p.m. at M. C. Ghia Hall, 4<sup>th</sup> Floor, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai - 400 001 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution No.           | Resolution                                                                                                                                                                        |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Ordinary Business</b> |                                                                                                                                                                                   |
| 1                        | Adoption of Balance Sheet, Statement of Profit & Loss, Directors' Report and Auditors' Report for the year ended 31 <sup>st</sup> March, 2014.                                    |
| 2                        | Declaration of Dividend on Equity Shares.                                                                                                                                         |
| 3                        | Reappointment of Ms. Raashi Zaveri, Whole-time Director who retires by rotation.                                                                                                  |
| 4                        | Appointment of BSR & Co. LLP, Chartered Accountants, Mumbai as Statutory Auditors.                                                                                                |
| <b>Special Business</b>  |                                                                                                                                                                                   |
| 5                        | Appointment of Mr. Kamlesh Vikamsey as Independent Director.                                                                                                                      |
| 6                        | Appointment of Mr. Sanjay Asher as Independent Director.                                                                                                                          |
| 7                        | Appointment of Mr. Ajay Mehta as Independent Director.                                                                                                                            |
| 8                        | To change term of appointment of Ms. Binaisha Zaveri, Whole-time Director of the Company from Director not liable to retire by rotation to Director liable to retire by rotation. |
| 9                        | Reconfirmation of Borrowing Limits of ₹ 2,000 Crores of the Company.                                                                                                              |
| 10                       | Approval of creation of mortgage and/or charge over the assets of the Company in respect of borrowings.                                                                           |

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014.

Signature of shareholder: \_\_\_\_\_

Signature of Proxy holder(s): \_\_\_\_\_

Affix  
Revenue  
Stamp

### **Notes:**

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- Please complete all details including details of member(s) before submission.





## TRIBHOVANDAS BHIMJI ZAVERI LIMITED

CIN No.: L27205MH2007PLC172598

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Tel. No.: (022) 3073 5000. Fax No. (022) 3073 5088. Email: [investors@tbzoriginal.com](mailto:investors@tbzoriginal.com).

---

### ATTENDANCE SLIP

PLEASE BRING THIS ATTENDANCE SLIP TO THE MEETING HALL AND HAND IT OVER AT THE ENTERANCE

I/We hereby record my/our presence at the 7<sup>th</sup> Annual General Meeting of Tribhovandas Bhimji Zaveri Limited 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 Wednesday, 24<sup>th</sup> September, 2014 at 3.30 p.m.

Folio No. \_\_\_\_\_

DP ID No\*. \_\_\_\_\_

Client ID No\*. \_\_\_\_\_

Name of Member \_\_\_\_\_

\_\_\_\_\_  
Signature

Name of the Proxy Holder \_\_\_\_\_

\_\_\_\_\_  
Signature

- 1 Only Member/ Proxy holder can attend the Meeting.
2. Member/ Proxy holder should bring his/ her copy of the Annual Report for reference at the Meeting.
3. Those Members who have multiple folios with different joint holders may use copies of this Attendance Slip.
4. If you intend to appoint a proxy, please complete the Proxy Form and deposit it at the Company's Registered Office at least 48 hours before the Meeting.

\* Applicable for investors holding shares in electronic form.





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## 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  
Whole-time Director

Kamlesh Vikamsey  
Independent Director

Ajay Mehta  
Independent Director

Sanjay Asher  
Independent Director

## Auditors

B S R and Co  
Lodha Excelus, 1<sup>st</sup> Floor,  
Apollo Mills Compound,  
N.M. Joshi Marg, Mahalaxmi,  
Mumbai – 400 011.

## Chief Executive Officer

Prem Hinduja

## Chief Financial Officer

Saurav Banerjee

## Company Secretary

Niraj Oza

## Bankers

State Bank of India

HDFC Bank Limited

ICICI Bank Limited

Kotak Mahindra Bank Limited

Union Bank of India

Central Bank of India

## Registrar & Share Transfer Agent

Karvy Computershare Private Limited  
Plot No. 17-24, Vithal Rao Nagar, Madhapur,  
Hyderabad – 500 081.

Tel. No. (040) 4465 5000

Fax No. (040) 2342 0814

Email Add.: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)

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

## Registered Office

241/43, Zaveri Bazar,  
Mumbai – 400 002.

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