

TRIBHOVANDAS BHIMJI ZAVERI LTD.

ANNUAL REPORT
2011-2012



Building Relationships, Creating Value

THE LEGACY OF TRUST BASED RELATIONSHIPS

“TRIBHOVANDAS BHIMJI ZAVERI (TBZ – THE ORIGINAL) CARRIES A LEGACY OF OVER 145 YEARS HAVING ESTABLISHED ITSELF AS A JEWELER THAT INDIA TRUSTS. SPREAD OVER 10 CITIES, TBZ THE ORIGINAL IS KNOWN FOR THE PURITY AND UNIQUENESS OF ITS PRODUCTS.”

An organized retail jeweler, the company's product portfolio encompasses Pendants, Earrings, Bracelets, Necklaces and Rings etc with /without coloured stones in gold and diamonds to suit different styles including light weight, trendy, everyday wear to contemporary, traditional as well as heavy bridal wear.

By following the mantra of -- All different, each unique – TBZ the Original's state-of-the-art set up undertakes the entire manufacturing process of studded jewelry and design jewelry in plain gold to maintain quality standards.

TBZ – The Original is not a mere jeweler for its customers. It delivers an extraordinary shopping experience to its customers which is seen as an integral part of its tradition. Its products are not mere gift items but function as facilitators and means to strengthen bonds. TBZ - The Original is the most trusted jeweler in India.



Late Shri Gopaldas Tribhovandas Zaveri

MILESTONES

1864

Start of retail operations
Zaveri Bazaar

1938

1st jewellery house to offer
buy-back guarantee

1995

Launch of lightweight
jewellery

2001

Opening of 2nd showroom
at Hyderabad

2004

Introduced 100%
pre-hallmarked
jewellery



2007

Converted from partnership to company

2008

Retail footprint -
42,000 sft
across
13 Showrooms

2009

Establish brand
identity through
new logo

2011

Sales > 4.1 tonnes
of gold & 51,995
carats of
diamond

2012

IPO





SHRIKANT ZAVERI- CMD

polished diamonds. Overall, the industry de-grew as gold imports by India's jewellery industry declined from 1,030 tonnes in FY 2011 to an estimated 830 tonnes in FY 2012, a drop of 20%.

Perfection in Performance

It however, pleases me to inform you that notwithstanding this difficult business environment, TBZ the Original clocked Net Sales from operations to the tune of Rs. 1,38,547 lakhs in FY 2012, reflecting an increase of 16% over the previous financial year. This was primarily on account of proactive measures undertaken by us to target the right audience at the right time. A noteworthy feature of TBZ- The Original is that our entire sales emanates from India and we do not have any export related activities.

Higher contribution from the diamond jewellery business has resulted in improving margins over the years and we expect the trend to continue. For FY 2012, we registered an EBITDA of Rs. 12,124 lakhs, reflecting a growth of 40%. Profit after Tax stood at Rs. 5,719 lakhs translating into growth of 45%. We believe that our ability to recognize trends early and embody them into our products results in a delight factor for our customers. During the year, we focused on increasing the footfalls in our stores through product differentiation and innovative marketing strategies.

Distinctive in our Relationships

We primarily target the quality conscious upper-middle-class and upper class segments of society through a variety of initiatives. Two new collections, namely, Gentleman's collection which was targeted at men and Temple Jewellery which is

NOTE FROM THE CHAIRMAN & MANAGING DIRECTOR

Dear Fellow Stake Holders

There is a strong sense of responsibility even as I pen this note, in the first year of Tribhovandas Bhimji Zaveri (TBZ - The Original) as a listed entity. Firstly, I would like to thank each of our shareholders who have reposed faith in our company at the time of the Initial Public Offering (IPO) and thereafter.

So far, we have had a glorious history of over 145 years, during which we have shared a strong relationship with all our stakeholders, based on trust. It is with pleasure that I, on behalf of our entire team, welcome you to be a part of this legacy of a trust based relationship.

Economic conditions have been tough globally as well as in India. Rising inflation and interest rates have been on an uptrend and affected businesses across India. The jewellery industry in 2011-12 witnessed slower consumer response due to fluctuation in the gold rate. The price of gold rose 35% through the year leading to uncertainty in buying patterns coupled with a rise in prices of

“SO FAR, WE HAVE HAD A GLORIOUS HISTORY OF OVER 145 YEARS, DURING WHICH WE HAVE SHARED A STRONG RELATIONSHIP WITH ALL OUR STAKEHOLDERS, BASED ON TRUST. IT IS WITH PLEASURE THAT I, ON BEHALF OF OUR ENTIRE TEAM, WELCOME YOU TO BE A PART OF THIS LEGACY OF A TRUST BASED RELATIONSHIP.”

a reflection of India's culture were launched during the financial year.

Besides Individual Customization, Regional Customization too is our forte. Designs across our jewellery collection categories have to be unique and we have a strong team of designers skilled in computer aided design who ensure our customers always experience the novelty factor. For instance, we introduced the Dohra collection which is a detachable jewellery collection providing multi utility to our customers. We also offer jewellery from various parts of the world such as Italy, Turkey and Thailand. Finally, we offer products across different price points to widen our customer base.

On the marketing side, we maintain high brand recall value for TBZ- The Original through high visibility advertisement campaigns especially built around festivals, which is when lot of buying takes place. In the third quarter of the financial year, the Company undertook a very high decibel campaign in the television media to tap wedding jewellery buying which commences around that time.

We also launched several innovative campaigns including No Making Charges on Diamonds, Diamond Bangle Mela and the new Diamond Necklace Collection to sustain customer interest. Our overall focus was on the promotion of Diamond jewellery which gives substantially higher margin than gold, and the numbers reflect that our strategy worked well.

We will also focus on promoting the 'Kalpavruksha' plan through direct interaction with the customers, whereby they can undertake monthly advance payments thereby facilitating not only planned jewellery purchase but also, assured sales for the company.

Building Relationships, Going Places

In terms of presence, TBZ the Original has embarked upon an ambitious expansion plan. The company which currently operates 14 stores across 10 cities in 5 states with a carpet area of 47,796 square feet, plans to add 43 more show rooms comprising 25 large format high street showrooms and 18 small format high street showrooms by the end of FY 2015. This will take our total to 57 showrooms (with a total carpet area of approximately 150,000 square foot) in 43 cities across 14 states.

In order to ensure high visibility and top of the mind recall, we are using a 360 degree media mix including the social media platform to attract the young and tech savvy audiences. This not only ensures repeat customers but also a steady flow of new customers to our showrooms. Customer education through distribution of booklets which contain information on how to make jewellery purchases continues to be our constant effort at developing an organized industry. We strive to ensure good sales staff interaction through dedicated training programs, the result of which is a superior sales conversion rate.

Securing our Relationships

Finally, TBZ the Original's branding continues to position itself as a facilitator for building relationships. We now wholly accept and acknowledge the new responsibility of our relationship with investors. As a company, we are well aware of the risks associated with the business and while we are highly focused on expansion activities, it is our endeavor to take challenges head on and undertake proactive measures to mitigate risks.

In addition to purchasing our inventory and raw materials in bulk to lower the overall relative cost, we



plan to take advantage of additional economies of scale as we increase our number of showrooms. Our centralized purchasing policy thus gives us the competitive edge. We have the right mix of state of the art in-house facilities and external suppliers which help us manage cost and preserve quality. We have in place a stringent quality control process which every piece of jewellery passes through before being showcased at our showrooms.

Vote of Thanks

Our years of experience and the professional team that has been with us for many years now, will help us continue to stay ahead of competition and enrich and add value for all our stake holders.

I sincerely thank the Board for its guidance and my colleagues who have helped make TBZ - The Original into a trusted name in the retail jewellery segment. We shall strive hard to extend the same trust and value to our shareholders who have just become a part of TBZ- The Original and seek your continued support in all our future endeavors'.

Shrikant Zaveri
Chairman and Managing Director

IN THE BUSINESS OF BUILDING RELATIONSHIPS

14 STORES ACROSS 10 CITIES IN 5 STATES RETAIL SHOWROOM CARPET AREA OF 47,796 SQUARE FEET



	Current	Fy15
No. of Showrooms	14	57
Large-format	11	36
Small-format	3	21
Retail Carpet Area (sq ft)	47,796 (approx)	150,000 (approx)
No. of cities	10	43
No. of states	5	14

THE JEWELLERY WE OFFER



WITH DIFFERENT MAKES:

GOLD JEWELLERY, DIAMOND-STUDED JEWELLERY, PRECIOUS AND SEMI-PRECIOUS STONE-STUDED JEWELLERY, PLAIN & DIAMOND STUDED PLATINUM JEWELLERY, LOOSE DIAMOND SOLITAIRES, LOOSE PRECIOUS AND SEMI-PRECIOUS STONES, JADAU JEWELLERY.

TO SUIT EVERY OCCASION

WEDDING JEWELLERY, FESTIVAL JEWELLERY, DAILY WEAR JEWELLERY, MEN'S JEWELLERY AND JEWELLERY FOR PERSONAL OCCASIONS.





VARIETY FOR EVERYONE

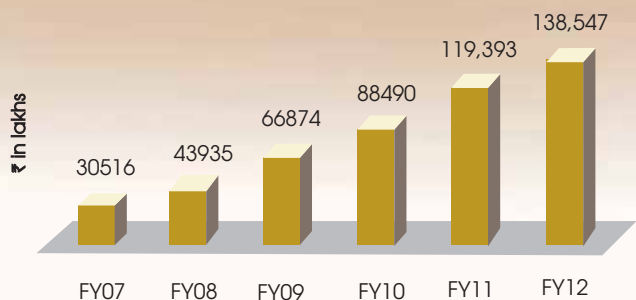
RINGS, EARRINGS, PENDANTS, BRACELETS, NECKLACES, CHAINS AND BANGLES.

OUR DESIGNS ARE FROM A WIDE RANGE OF CULTURES FROM TRADITIONAL INDIAN DESIGN TO INDO-WESTERN AND WESTERN DESIGNS. OUR PRODUCTS ALSO REFLECT SPECIALISED DESIGN ELEMENTS FROM KOLKATA, JAIPUR AND AMRITSAR, BESIDES OTHER PLACES. WE OFFER OUR PRODUCTS ACROSS A WIDE RANGE OF PRICE POINTS. THIS WIDE RANGE OF PRODUCTS ALLOWS US TO CATER TO DIFFERENT SOCIO- ECONOMIC CLASSES ACROSS VARIED MARKETS.

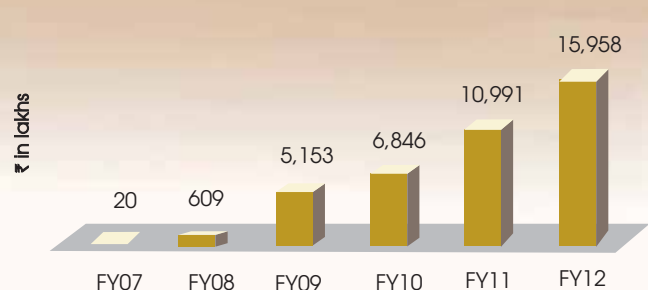
GOING FORWARD, THE COMPANY PLANS TO ENHANCE THE CONTRIBUTION OF DIAMOND JEWELLERY TO THE OVERALL PIE WHICH WILL IN-TURN RESULT IN ENHANCED MARGINS.

FINANCIAL HIGHLIGHTS

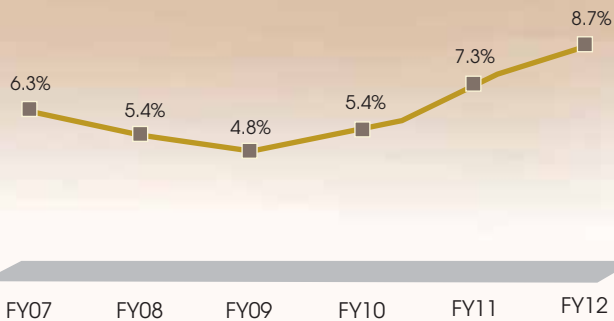
Net Sales



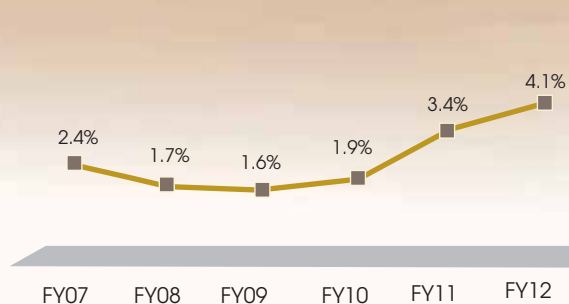
Net- worth



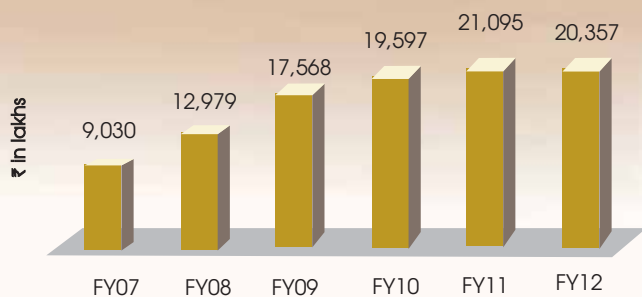
EBITDA Margins %



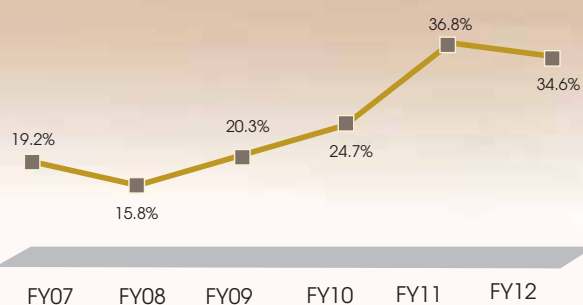
PAT Margins %



Long Term & Short Term Borrowings



Return on Net Worth (%)



RELATIONSHIPS BASED ON A STRONG FOUNDATION



Board Members

Shrikant Zaveri,
Chairman and Managing Director

TBZ- The Original is led by Shrikant Zaveri who is equipped with over 30 years of experience in the gems and jewellery industry. He has been the founding member and chairman of the Gems and Jewellery Trade Federation and has been awarded the Retail Jewellery Award for Lifetime Achievement in the year 2007.

“From the beginning we have believed in a personal touch with our customers in a professionally run set-up. We believe that we have a strong team in place to successfully carry out the ambitious expansion plans that we have set out to achieve.”

Binaisha Zaveri, Whole-time Director

Armed with a Bachelor's degree in Marketing and Finance, Binaisha has 7 years of experience. She oversees various business functions encompassing human capital management, operations, finance, business development, marketing and merchandising. She has played a major role in expansion activities across different states.

“TBZ the Original is known for its quality and uniqueness of the products. We aim to continue the same with our shareholders with a unique proposition of an organized retail jeweler focused completely on the Indian markets.”

Raashi Zaveri, Whole-time Director

Raashi holds a Bachelor's Degree in Finance and Entrepreneurship and has topped it as a Graduate Gemologist from Gemological Institute of America. She joined the business in 2008. 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.

“The company's inventory is Bar-coded & monitored centrally. Additionally an Annual showroom-level plan is put in place with real time connectivity across showrooms and offices. We also rotate jewellery across showrooms and unsold inventory is returned to vendors. All in all, we have strong systems & processes in place to manage the expanding retail business.”

INDEPENDENT DIRECTORS

Kamlesh Vikamsey

B.Com, CA

- † Over 29 years of experience in the fields of finance, accounting and corporate advisory.
- † Member of the audit advisory committee of the UNDP
- † Member of the appellate authority of the ICAI and a past president of ICAI.
- † Member of the expert committee constituted by the Central Government for the promotion of the gems and jewellery industry in 2007
- † Member of the Accounting Standards Committee of SEBI in the year 2005-2006

Ajay Mehta

B.Sc, MS in Chemical Engineering

- † Over 24 years of experience in areas of chemical, petrochemical, fertilizer, manufacturing an investment
- † Managing Director of Deepak Nitrate Ltd.
- † Member of the executive committee of Maharashtra Chamber of Commerce, Industries and Agriculture and National Agriculture and Food Analysis and Research Institute.

Sanjay Asher

CA, LLB

- † Over 20 years of experience in law and corporate matters
- † Partner at Crawford Bailey & Company



KEY PERSONNEL

R K Nagarkar, CEO
B.E. Metallurgical with over 35 years of experience

“With a Core Team in place along with robust systems and processes, TBZ – The Original has undertaken location-wise market analysis to enter the markets where we have identified potentials to gain market share. We have conducted exhibitions to gauge potential before embarking on our expansion plans.”

Prem Hinduja, CFO
CA, CS and a Cost Accountant with over 32 years of experience

“We follow a very professional approach towards business. As a corporate we have a 3-year corporate plan and annual budgeting in place which is based on past-sales performance, competitor activities and estimated customer demand. This enables us to strategize in terms of targets for the coming year thereby providing a clear cut road map towards achievement of the same. It also facilitates Cost control and cost optimization which is crucial to our success.”

Divyesh Shah, Head – Retail Sales
B.Com with over 14 years of experience

“TBZ the Original's growth will stem from increasing sales of diamond-studded jewellery by cross-selling diamond-studded jewellery to gold jewellery buyers, increasing advertising for diamond-studded jewellery, introducing diamond-studded jewellery promotion schemes such as the Diamond Bangle Mela and launching new diamond-studded jewellery products at various price points, including at entry level.”

Akash Jain, Head – Gold Order Department
CA, CS with over 10 years of experience

“We undertake risk mitigation in terms of changing gold prices by daily stock replenishment of sold items same amount in rupee terms. Also we have Pre-set levels for peak & off-peak seasons at showroom levels to maintain cost controls.

Rajeev Sagar, Head – Diamond Procurement
B.Com with over 10 years of experience

“We purchase most of our loose diamonds from site-holders, which are bulk diamond purchasers authorized by the DTC, or from local traders. We then supply a majority of these loose diamonds to our manufacturing subsidiary and some to third-party manufacturers for production of our diamond-studded jewellery products.

Kiran Dixit, Head – Advertising & Marketing
MBA in Marketing and PG Diploma in Advertising and PR with over 15 years of experience

“Over the years TBZ the Original has been positioned as a trusted jewellery and has a brand equity for being a facilitator of relationships through its products. We hope to maintain the same going forward. We continue to retain the top positioning as a jewellery of choice for wedding jewellery. All our efforts are aimed at becoming the most preferred retail jewellery brand through reinforcing strong brand positioning, differentiation from competitors and look alike brand and increasing footfalls.”

Mayur Choksi, Head – Manufacturing
Over 20 years experience

“We manufacture diamond-studded jewellery for sale in our showrooms at a facility in Kandivali, Mumbai, which has a carpet area of 17,739 square feet. It has an annual production capacity of approximately 100,000 cts. of diamond-studded jewellery, 4,000 kgs of gold refining and manufacturing 4,500 kgs of gold jewellery components. This facility was opened in Fiscal 2011. We also have an other manufacturing facility in Kandivali, Mumbai, which has a carpet area of 5,755 square feet.”



Niraj Oza, Company Secretary & Compliance Officer
B.Com, LLB, CS with over 14 years of experience

“We follow high standards of compliance within the company to ensure strict adherence to prescribed standards.”



Prakash Hegde, Head – HR
MSW with over 16 years of experience

“At TBZ our aim is imbibe a sense of ownership amongst our human resources and to align individual career goals with those of the organization.”





EXTENDING OUR RELATIONSHIP WITH OUR SHAREHOLDERS

With TBZ the Original offering an initial public issue of its equity shares, we now extend the legacy of our trust based relationship to our shareholders. We take this opportunity to highlight the success drivers and address the risks associated with our business model.

Successful Legacy & Professional Set-Up

TBZ the Original has a proud legacy of over 145-years commencing with the flagship store at Zaveri Bazaar, Mumbai in 1864. It was the first jewellery retailer to offer buy-back guarantee in 1938, thereby winning over complete customer trust since over seven and a half decades now. In 2004, the company introduced sale of 100% pre-hallmarked jewellery in accordance with BIS norms done at government approved hallmarking centers. Today with a new brand identity "TBZ - THE ORIGINAL" is equipped with experience across different economic scenarios to successfully accomplish our expansion plans. Just for the record, we had opened 7 showrooms between August 2007 and Oct 2008. We have an army of professionals who bring to the table their varied experience across business functions to see our plans through successful completion. This also gives us an edge over the unorganized segment.

Right Mix of In-House Manufacturing & Outsourcing

This ensures optimal sourcing, quality and cost control.

We propose to expand both, in line with our increasing retail presence. We will also focus on increasing our outsourced manufacturing operations, specifically in gold jewellery, in order to reduce our reliance on purchasing gold jewellery for resale. At the same time, through in-house manufacturing we ensure the availability of customized exclusive jewellery which commands higher prices by focusing on diamond studded jewellery. We also have tight control over the gold and diamonds being used in addition to smoother supply chain and lower carrying costs. The optimal mix here ensures control over product quality, designs and profit margins.

Procurement and Working Capital Management

In addition to purchasing our inventory and raw materials in bulk in order to lower the relative costs, we plan to take advantage of additional economies of scale as we increase our number of showrooms. For instance, we expect our advertisement and sales promotion costs as a percentage of our revenue from operations to decrease over a period of time as it costs the same to advertise in a newspaper or on television regardless of the number of showrooms we have in the area where the advertisement is viewed or distributed. Likewise, we also expect our administrative and other costs as a percentage of revenue to decrease as our revenue from operations increases.



Product Design and Range

One of the major USPs of our business, product designing is of utmost importance in our expansion strategy. We have a dedicated design team of 25 designers including 10 trained in computer aided design. Further, as a policy, we strive to launch atleast 8-10 new lines of jewellery every year. The diversification in our product range maybe in the form of regional specifications, traditional plus indo-western and western ranges in addition to displaying jewellery from different part of the world like Italy, Turkey and Thailand in our showrooms. Customised jewellery remains our forte and we offer products across price points to widen our target base.

Sales Concentration

Over 50 – 55 per cent of the revenues are generated from showrooms located in Mumbai and over 94% of sales emanates from South and Western India. Notably, 37% and 32% of the gold consumption emanates from the South and Western parts of India as per industry research. This means that we are already well entrenched in the leading jewellery markets which will drive our growth. Furthermore, our expansion plan will give us presence in 14 states by FY 2015 as compared to 5 states at present providing the required geographical diversification. Concrete ground work has been undertaken before deciding the locations at which we would like to make our presence felt.

Retail Expansion, Execution Capabilities

In addition to a well qualified and experienced professional team along with strong groundwork undertaken before charting out our expansion plans, our experience of over 145 years enables us to undertake a 360° approach to planning various dynamics which go into the success of opening stores and managing the same. We have well thought our plans for selection of location, product range, trained personnel for the stores, marketing strategy etc to carry out the plans as envisaged.

Sales and Service Standards

Our customers come to us primarily due to the personal touch and perception of a trusted organized player that we have earned over the years and our service quality is largely responsible for the same. While marketing activities provide us with the foot falls, continuous employee training in sales techniques and product knowledge is our core area of training to ensure sales conversion. We also conduct training for employees in up-selling, selling complementary products such as pendants with earrings. For FY 2012, we conducted 75 training programs. Naturally all this is backed by wide range of products in terms of its make, quality, designs and price points.

RECOGNITION

2006

Appreciation Award by
Mumbai Textile
Merchant Mahajan

2007

Awarded by Gold
Souk Awards
for contribution
to Gems &
Jewellery Trade

2007

Lifetime
Achievement
Award (2007) by
Retail Jeweller
Awards

2010

Best Wedding
Jewellery by
Retail Jeweller
Awards

2011

Best Bridal Design
(Diamond) by
Indian Jewellers
Award



2011

Best Kundan/Meena Jewellery (Gold) by Indian Jewellers Award

2011

Best Necklace Design (Diamond) by Indian Jewellers Award

2012

Best Impactful Retail Design and Visual Merchandising by Asia Retail Congress

2012

Innovative Retail Concepts of the Year by Asia Retail Congress

2012

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





tbz®
The original since 1864



Board of Directors

Shrikant Zaveri
Binaisha Zaveri
Raashi Zaveri
Kamlesh Vikamsey
Ajay Mehta
Sanjay Asher

Chairman & Managing Director
Whole-time Director
Whole-time Director
Independent Director
Independent Director
Independent Director

Auditors

B S R and Co
Lodha Excelus, 1st Floor,
Apollo Mills Compound, N.M.Joshi Marg,
Mahalakshmi, Mumbai 400 011.

Chief Executive Officer

Ravindra Nagarkar

Chief Financial Officer

Prem Hinduja

Company Secretary

Niraj Oza

Bankers

State Bank of India
HDFC Bank Limited
ICICI Bank Limited

Registrar & Share Transfer Agent

Karvy Computershare Private Limited
Plot No. 17-24, Vittal Rao Nagar, Madhapur,
Hyderabad 500 081.
Tel. No. (040) 4465 5000
Fax No. (040) 2343 1551
Email Add.: einward.ris@karvy.com

Registered Office

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Tel. No. (022) 3956 5001
Fax No. (022) 3956 5056
Email Add.: investors@fbzoriginal.com
Website Add.: www.fbztheoriginal.com

Corporate Office

228, Ground Floor, Mittal Chambers,
Nariman Point, Mumbai 400 021.
Tel. No. (022) 3073 5000
Fax No. (022) 3073 5088

5th Annual General Meeting

Day & Date: Monday, 24th September, 2012
Time: 3.30 p.m.
Venue:
Mahajan Hall of Mumbai Textile Merchants' Mahajan,
1st Floor, 250, Sheikh Memon Street, M. J. Market, Mumbai- 400 002.

MANAGEMENT DISCUSSION AND ANALYSIS

Macro Economic Scenario

The Reserve Bank of India has cut its economic growth forecast for the fiscal year ending March 2013 to 6.5 %, while at the same time raising its inflation forecast. Inflationary pressures amidst the backdrop of rising fuel prices and weakened rupee continue to have their overhang on the Indian economy. While the long term prospects appear positive, the outlook in the near term remains volatile.

Industry Structure and Developments

As per www.dnaindia.com, the overall consumption of jewellery, including gold, is much higher at ₹ 2,78,000 crore and represents almost 6% of private consumption in India - with the difference between the consumption and the retail market size being accounted for by gold or custom-made jewellery not sold in retail outlets.

A global comparison shows per capita consumption of jewellery in India stands at ₹ 1,480, compared to ₹ 12,500 in the US, ₹ 10,700 (the EU), ₹ 4,850 (Hong Kong), ₹ 4,530 (Japan) and ₹ 1,825 (China).

As per www.ibef.org, The Indian jewellery market is dominated by gold, which consists of almost 80 per cent of the market share, followed by fabricated studded jewellery including diamond and gemstone studded jewellery.

The total exports of gems and jewellery during April 2011 to March 2012 stood at USD 42.84 billion, including that of cut and polished diamonds at USD 23.33 billion, gold at USD 16.52 billion and coloured gemstones at USD 342.80 million.

According to FICCI – Technopak report “Unlocking the Potential of India's Gems & Jewellery Sector”, the traditional role of gems and Jewellery in India includes saving and investment, ornamental purposes, astrological and religious significance and is an integral gift and purchase item for festive and wedding occasions.

While the last few years, the Indian domestic market has shown very promising signs evident from the growth in penetration of branded and organized retail across categories such as Fast Moving Consumer Goods, Consumer Durables, Apparels and Home Improvement, there is similar potential for Gems and Jewellery sector.

Key Industry Trends

- Branding and organized retail share will grow in urban markets and the focus on rural markets will increase.
- Preference will increase towards the hallmarking and certification of jewellery.
- There is a shift in consumer preference to diamond jewellery. Consumers are gradually preferring diamonds because of the guaranteed buy-back schemes, transparent written pricing and, most importantly, third-party certification.
- With increased urbanization and changing consumer taste preferring quality goods, organized players have been successful in establishing their presence by offering new and contemporary designs, hall marking and aggressive marketing.'
- The new generation of consumers with an inclination to buy cutting-edge gadgets are purchasing jewellery in modern and aesthetic designs as fashion accessories in addition to purchasing it as an investment.

TBZ the Original's Competitive Positioning

- The Company has a long **standing legacy** since 1864 with its flagship showroom at Zaveri Bazar, Mumbai.
- TBZ the Original with its **in-depth knowledge, expertise and continuous innovation** enjoys a competitive edge in order to cater to changing consumer preferences.
- **Stringent quality control** processes have been put in place from the procurement of raw materials to the sale of the finished products. Before gold jewellery is sent to a showroom, it must pass through two quality control checkpoints, one internal and one external. The internal department uses a karat meter to check the purity and the finish of the jewellery. Upon completing these checks, the jewellery is then sent to a government approved hallmarking centre for hallmarking in accordance with BIS norms.

All loose diamonds, precious and semi-precious stones pass through the stringent quality control tests to confirm its quality. Once the jewellery is received from the manufacturer, it is re-checked for the quality of gold, diamonds and gemstones and the finishing of the product.

The Company also has a third party who certifies the quality of the diamonds being sold. Only after completing the quality control process, the products enter the showroom for sale.

- **Dedicated design team** comprising 25 designers, 10 of whom are skilled in computer-aided design focused on giving a novelty factor to the designs that are presented to customers.
- **Increasing contribution from Diamond jewellery** is expected to boost margins for the company. Sustained demand for gold and diamond jewellery with consistent increase in consumers discretionary spending will further boost revenues and this seems to be in line with its expansion strategy. Further, as per endeavor of the management, the revenue mix between gold and diamond studded jewellery is likely to improve the share of diamond studded jewelry. This bodes well given the high value nature and growing acceptance of diamond jewellery.
- The Company has increased its in-house manufacturing. In this regard, the Company has built a new facility in Kandivali, Mumbai with a carpet area of 17,739 sq. ft. and an annual production capacity (based on one single sift per day) of approximately 100,000 cts. of diamond-studded jewellery, 4,000 kgs of gold refining and manufacturing 4,500 kgs of gold jewellery components. The Company also focuses on increasing outsourced manufacturing operations, especially for gold jewellery.

Risks and Concerns

1. Aggressive Expansion plans

TBZ the Original has set out an aggressive expansion plan of setting up 9 new stores by end of FY13 while, over the next two fiscal years it intends to have a total of 57 stores as against the existing 14 stores. It has over 145 years of experience and track record to see through the execution coupled with a professional team for strategic execution of its plans.

2. Volatile Raw Material Prices

TBZ the Original has a centralised procurement policy and generally purchase in large volumes in order to stock its 14 showrooms. Economies of scale enable the company to benefit from purchasing raw materials at lower prices than its competitors in the unorganised sector and therefore benefit in term better pricing and margins.

3. Raw Material Sourcing and Inventory management

In addition to purchasing its inventory and raw materials in bulk to lower the overall relative cost, the Company plans to take advantage of additional economies of scale as it increases its showrooms. With the right mix of state of the art in-house facilities and external suppliers the company is able to control costs and preserve quality. The inventory is bar-coded and monitored and controlled through Oracle E-Business Suite software. The inventory for each showroom is planned at the beginning of each year based on expected sales. Further jewellery rotation between different showrooms in an effort to increase turnover. Some of the products obtained from third parties which are unsold are either returned to the vendors or exchanged for other products.

4. Brand Dilution

Given that it has been a family run business and two of its retiring partners legally have the right to use the brand "Tribhovandas Bhimji Zaveri" with or without any modifications. This can potentially dampen the brand re-call value for TBZ, thereby impacting its financial performance. Notably the company has undergone a branding exercise with a new logo and adding – the Original – to its name, to distinguish itself.

5. Highly Unorganized Market

The retail jewellery market is highly dominated by unorganized and local players which form nearly 90 per cent of the market. The retail organized sector in which TBZ the Original operates too is witness to intense competition as it has to compete with organized players as well. However extensive branding exercise and promised delivery has enabled TBZ the Original to build an image of a being a trusted jewellery retailer with high quality, unique and wide variety of products.

6. Competition

In addition to distinguished designs and customization, TBZ maintains its brand recall value through high visibility advertisement campaigns especially built around festivals, which is when lot of buying takes place. The company also has a strong focus on the wedding jewellery segment where it enjoys a leadership position.

7. Security

The Company has experienced minimal shrinkage. To minimize shrinkage, the Company has instituted stringent controls and mechanisms to monitor the movement of the jewellery within the showroom as well as during external transportation. The operation manuals direct the staff to keep strict tallies of the stock at the daily opening and closing of each showroom, and to account for the stock while it is moving from one place to another place within the showroom. The Company installed closed circuit television cameras in our showrooms to monitor customers and staff during working hours. The Company also has installed night vision cameras both inside and outside showrooms for added security while the showrooms are closed. While a showroom is closed, all jewellery is stored in a showroom vault. The Company also installed smoke detectors and panic alarms in each showroom.

Internal Control Systems and their Adequacy

Across industries, internal processes control and systems play a critical role in the health of a company. An effective system of internal controls form a keystone necessary for building, maintaining and improving shareholder's value and helps to enhance the overall quality of the business and enterprise.

The company has a well defined three-year corporate plan as well as an annual budgeting process. The annual budgeting process is designed to achieve functional and divisional goals and profitability for the year.

We believe our review process is thorough, with all employees undergoing monthly, quarterly, and semi-annual performance reviews. Our business operations are reviewed and audited by both an in-house audit team and a professionally appointed external team specializing in such audits. Our organizational structure is also being reviewed by a qualified external consulting firm. TBZ the Original has its internal control systems in place to ensure that all assets are protected. The Company has insurance policies currently consist of 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 and an employee compensation policy. The company has an audit committee in place to ensure best practices in reporting and recording of transactions.

Risk Identification and Mitigation is undertaken by the members of the Senior Management actively and on a consistent basis.

Human Resources

As at March 31, 2012, we had 1,192 full-time employees and no part time employees. This includes the CEO, CFO, nine functional heads and 33 showroom managers and assistant managers. Of those employees, 721 were based at showrooms, 301 were based at offices as corporate staff and 170 were based at the manufacturing facilities.

TBZ the Original also conducts training programme for employees with in-house as well as external parties. For FY 2012, the training managers ran 75 sessions, training 588 employees. The showroom managers also conduct ongoing on the job training for the sales staff. External training programmes are also conducted with professional trainers & reputed institutions to undertake upgradation of skills, knowledge & business etiquette. External training courses & seminars are held by IIM Ahmedabad, World Gold Council, Platinum Guild India, the India International Jewellery Society. All employees undergo monthly, quarterly, and semi-annual performance reviews. Middle & senior management regularly attend refreshers courses & special training on various specialized topics. Train the trainees is an important theme in practice.

Discussion on financial performance with respect to operational performance.

Accounting policy

The Company follows the Generally Accepted Accounting Principles (GAAP) in India. 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.

The Year 2011-12

Particulars	Standalone Financials	
	31-Mar-12	31-Mar-11
Revenue from operations	13,854,699,680	11,939,308,876
Other Income	16,089,925	5,428,431
Total Income	13,870,789,605	11,944,737,307
Cost of goods sold	11,423,963,322	10,061,317,075
Employee benefit expenses	457,460,317	405,156,648
Other expenses	776,939,532	609,606,365
Earnings before Interest, Depreciation and Amortization (EBITDA)	1,212,426,434	868,657,219
Interest Expenses	290,547,933	225,919,796
Depreciation and Amortization	52,627,020	39,952,410
Net Profit for the year before Taxes	869,251,481	602,785,013
Less: Provision for Taxes	297,321,323	208,537,435
Profit after tax	571,930,158	394,247,578

In the financial year 2011-12, the Company's sales income grew by 16.04% to ₹ 13,854,699,680 as compared to ₹ 11,939,308,876 in the previous financial year as Sales of Gold Jewellery crossed ₹10 billion mark for the first time during financial year 2011-12, which grew by 15.71% to ₹ 10,017,652,770 as compared to ₹ 8,657,327,844 during previous financial year.

Sales of Diamond-studded Jewellery also fuelled sales as it grew strongly by 33.03% to ₹ 3,507,331,656 during financial year 2011-12 as compared to ₹ 2,636,575,215 during the previous financial year.

The Profit before tax grew by 44.21% to ₹ 869,251,481, while Net Profit after tax grew by 45.07% to ₹ 571,930,158.

The Gross Profit Margin for the financial year 2011-12 has improved to 17.54% from 15.73% in the previous year. In the absolute term the Gross Profit has increased by 29.43% to ₹ 2,430,736,358 as compared to ₹ 1,877,991,801 during previous year due to increasing sales of Diamond-studded Jewellery, which have higher margins.

The EBITDA for the financial year 2011-12 has improved to 8.74% from 7.27% in the previous year. During the financial year 2011-12, the Company has opened a new showroom at Rajkot.

Disclaimer:

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

DIRECTORS' REPORT

To,
The Members of
Tribhovandas Bhimji Zaveri Limited,

Your Directors are pleased to present Fifth Annual Report on the business and operations together with the audited financial statements and Auditor's Report for the financial year ended 31st March, 2012:

Financial Results:

The financial performance of your Company for the financial year ended 31st March, 2012 is summarised below:

Particulars	Standalone Financials	
	31-Mar-12 (In ₹)	31-Mar-11 (In ₹)
Revenue from operations	13,854,699,680	11,939,308,876
Other Income	16,089,925	5,428,431
Total Income	13,870,789,605	11,944,737,307
Earnings before Interest, Depreciation and Amortization	1,212,426,434	868,657,219
Less:		
Interest Expenses	290,547,933	225,919,796
Depreciation and Amortization	52,627,020	39,952,410
Net Profit for the year before Taxes	869,251,481	602,785,013
Less: Provision for Taxes		
Current Tax	313,000,000	214,000,000
Deferred Tax (Liability)/ Asset	(16,283,677)	(5,462,565)
Provision for tax of earlier years	605,000	-
Profit after tax	571,930,158	394,247,578
Add: Balance Brought Forward from Previous Year	560,781,867	226,534,289
Add: Gross Employee stock options granted in earlier years	10,254,685	-
Surplus Available for Appropriation	1,142,966,710	620,781,867
Appropriations:		
For Issue of Bonus Shares	-	60,000,000
Proposed Dividend	50,000,000	-
Dividend Tax	8,111,250	-
Addition on option granted	(2,974,586)	(10,254,685)
Excess provision of tax pertaining to earlier years	(7,925,397)	-
Total Appropriations	47,211,267	49,745,315
Balance carried forward to Balance Sheet	1,095,755,443	571,036,552

Financial Performance:

The Company has reported healthy growth during financial year 2011-12 attributed by strong brand name, innovative designs, varied product range and experienced management.

In the financial year 2011-12, the Company's sales income grew by 16.04% to ₹ 13,854,699,680 as compared to ₹ 11,939,308,876 in the previous financial year. The Profit before tax grew by 44.21% to ₹ 869,251,481, while Net Profit after tax grew by 45.07% to ₹ 571,930,158.

Sales of Gold Jewellery crossed ₹ 10 billion mark for the first time during financial year 2011-12, which grew by 15.71% to ₹ 10,017,652,770 as compared to ₹ 8,657,327,844 during previous financial year.

Sales of Diamond-studded Jewellery grew strongly by 33.03% to ₹ 3,507,331,656 during financial year 2011-12 as compared to ₹ 2,636,575,215 during the previous financial year. The growth in sales of Diamond-studded jewellery was the result of Diamond-studded jewellery promotion schemes & innovative designs by in-house manufacturing unit at Kandivali. The new manufacturing facility at Kandivali has a carpet area of 17,139 sq.ft. and annual production capacity to manufacture 100,000 carats of Diamond-studded jewellery.

The Gross Profit Margin for the financial year 2011-12 has improved to 17.54% from 15.73% in the previous year. In the absolute term the Gross Profit has increased by 29.43% to ₹ 2,430,736,358 as compared to ₹ 1,877,991,801 during previous year. The healthy improvement in Gross Profit Margin was on account of Company's continuous thrust on increasing sales of Diamond-studded jewellery, which resulted in favourable product mix and improved Gross Profit margin.

The EBITDA for the financial year 2011-12 has improved to 8.74% from 7.27% in the previous year.

During the financial year 2011-12, the Company has opened a new showroom at Rajkot.

Dividend:

Your Directors are pleased to recommend maiden dividend of ₹ 0.75 (seventy five paise only) per Equity Share (i.e. 7.50%) of face value of ₹ 10/- each for the year ended 31st March, 2012 against the dividend of ₹ NIL per Equity Share for the year ended 31st March, 2011. The Total outgo for the current year amounts to ₹ 58,111,250/- (Rupees Five Crores Eighty One Lakhs Eleven Thousand Two Hundred Fifty only), including dividend distribution tax of ₹ 8,111,250/- (Rupees Eighty One Lakhs Eleven Thousand Two Hundred Fifty only), as against ₹ NIL dividend in the previous year.

Consolidated Accounts:

The Ministry of Corporate Affairs (MCA) vide General Circular No. 2/2011 and 22/2011 dated 8th February, 2011 and 2nd 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 30th May, 2012, approved the Audited Consolidated Financial Statements for the financial year 2011 - 2012 in accordance with the Accounting Standard (AS-21) and other 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 forms part of this report. The Consolidated Financial Statement of your Company for the financial year 2011 - 2012, are 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 2011 - 2012. 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 2011 - 2012 there was no change in the Authorised Share Capital of your Company.

Changes in Paid-up Share Capital:

During the financial year 2011-2012 there was no changes in Paid-up Share Capital of your Company.

Wholly owned Subsidiary Companies:

For the year under review your Company has two subsidiaries namely; Tribhovandas Bhijimji Zaveri (Bombay) Limited as its 99.88% subsidiary company, which was converted into wholly owned subsidiary company w.e.f. 13th June, 2011 and Konfiaance Jewellery Private Limited (KJPL) as its 60% subsidiary company, which was converted into wholly owned subsidiary company w.e.f. 22nd June, 2011.

Tribhovandas Bhijmji 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 and belongs to the holding company.

Performance/ State of Company's Affairs:

As on 31st March, 2012, your Company was operating from total fourteen (14) showrooms and your Company has one Corporate Office at Nariman Point.

During the year under review your Company has opened one new showroom at Rajkot on 27th July, 2011. On termination of Joint Venture Agreement dated 22nd June, 2011, with Joint Venture Partner, your Company has ceased to undertake operations from the showroom located at Banjara Hills, Hyderabad and also discontinued using the brand name 'Krasala'.

On 1st April, 2012, your Company has inaugurated new bigger format showroom at Pune in place of its old small format showroom.

Awards & Recognition:

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

Year	Awards
2011	Retail Jewellers India Awards TV Campaign of the Year
2011	IJ Jewellers Choice Awards Best Necklace Design
2011	IJ Jewellers Choice Awards Best Bridal Design
2011	IJ Jewellers Choice Awards Kundan Meena Jewellery Award
2012	National Jewellery Award Best Advertising Campaign of the Year (Print)
2012	Asia Retail Congress Awards in two categories i. Best Impactful Retail Design and Visual Merchandising and ii. Innovative Retail Concept of the Year

Increase in Inventories:

The inventory of your Company as on 31st March, 2012 has increased by ₹ 764,641,346 as compared to the inventory on 31st March, 2011. The increase in inventory is due to four factors namely; (1) opening of new showroom at Rajkot during the year; (2) your Company has also build up of fresh inventory for opening of new bigger showroom in Pune on 1st April, 2012 in place of existing small format showroom at Pune, (3) the maintenance of high inventory for the forthcoming festival of Akshay Tritiya on 24th April, 2012, and (4) build up of inventory for Gudi Padva festival on 24th March, 2012.

Gems & Jewellery Industry wide Strike:

There was Gems & Jewellery Industry wide strike from 17th March, 2012 to 7th April, 2012, pursuant to introduction of the Union Budget.

Listing of Company's Equity:

Your Company was converted into public company from private limited company vide Fresh Certificate of Incorporation issued by Registrar of Companies, Mumbai, dated 3rd December, 2010.

Your Company made an Initial Public Offer (IPO) of 16,666,667 equity shares of ₹ 10/- (Rupees Ten only) each at the price band of ₹ 120/- to ₹ 126/-. The issue was kept open for Anchor Investor on 23rd April, 2012. The issue was opened on 24th April, 2012 and was

closed on 26th April, 2012. The issue received 7,252 applications for 19,474,470 Equity Shares resulting in 1.17 times subscription. The category wise subscription details are given below (Before technical rejections):

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

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

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

Operations:

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

Recent Development:

Your Company is initiating working with the Gold Loan Schemes extended by banks to various jewellery companies.

Purchase of Corporate Office at Nariman Point:

Your Company has successfully completed bid submitted for commercial premises situated at Tulsiani Chambers, Nariman Point property situated at 11th Floor (West Wing), Tulsiani Chambers, 212, Backbay Reclamation, Free Press Journal Road, Nariman Point, Mumbai 400 021. Your Company has entered into agreement for purchase of property on 18th May, 2012 after completion of title due diligence of the premises. As per the agreement, your Company has made payment of ₹ 50,100,200/- (Rupees Five Crores One Lakh Two hundred only) out of total purchase price of ₹ 250,501,000/- (Rupees Twenty Five Crores Five Lakhs and One Thousand only), with the condition that the Deed of Transfer shall be executed within 45 days from execution of this agreement as mutually agreed.

Related Parties:

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

Fixed Deposits:

During the year under review your Company has not accepted or invited any fixed deposits from the public and there are no outstanding fixed deposits from the public as on the Balance sheet date.

Insurance:

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

Disclosure under Section 274(1)(G):

None of the Directors of your Company are disqualified for 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; all were re-appointed for the period of five years from 1st January, 2011 to 31st December, 2015 and fixing the remuneration by way of Special Resolution passed in the Extra Ordinary General Meeting of your Company dated 12th January, 2011, for the period of three years from 1st January, 2011 to 31st December, 2013.

The revision of remuneration structure and fixing of remuneration for the period of three years, from 1st April, 2012 to 31st March, 2015 payable to Mr. Shrikant Zaveri, Chairman & Managing Director, subject to the approval of members by way of Special Resolution at the ensuing Annual General Meeting of your Company and the details of the same are available in the notice forming part of this Annual Report.

Mr. Kamlesh Vikamsey, was appointed as Additional Director in the capacity of Independent Director on 26th August, 2010, liable to retire by rotation and also regularizes his appointment as Director in the Annual General Meeting of your Company held on 30th September, 2010. Mr. Ajay Mehta & Mr. Sanjay Asher; were appointed as Additional Director in the capacity of Independent Director on 14th December, 2010, both liable to retire by rotation. Their appointment as Independent Directors was regularized as Director in the Annual General Meeting of your Company held on 4th July, 2011.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of your Company, Mr. Ajay Mehta and Mr. Sanjay Asher, who were longest in the services, are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment.

Directors' Responsibility Statement:

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors hereby state and confirm that:

- a. That in preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. That the Directors 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 ended on 31st March, 2012 and of the profit of your Company for that year;
- c. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records for the year ended 31st March, 2012 in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for prevention and detection of fraud and other irregularities;
- d. That the Directors have prepared the Annual Accounts on a going concern basis.

Constitution of Committee of the Board of Directors:

During the year your Company constituted one (01) committee naming 'Special Committee of the Board of Director' in the Board Meeting dated 27th May, 2011. Mr. Shrikant Zaveri, Chairman & Managing Director of your Company will act as the Chairman of the said committee and Ms. Binaisha Zaveri and Ms. Raashi Zaveri; Whole-time Directors of your Company will act as members of the Committee.

Review of Annual Accounts by Audit Committee:

Financials of your Company for the year ended 31st March, 2012 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	-	₹ 49,989,207/-

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 1,022 as on 31st March, 2012. Employee Relations continued to be cordial at all levels.

Your Company allows reasonable personal use of the e-mail system. Views and opinions expressed in these communications do not necessarily represent those of your Company.

Information pursuant to Section 217 (2A) of the Companies Act, 1956:

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 Registered Office of your Company.

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 was not a listed company as on 31st March, 2012. Your Company's Equity Shares got listed on 9th May, 2012 both

on BSE Ltd. (BSE) & National Stock Exchange of India Limited (NSE). A detailed report on the Corporate Governance in compliance with Clause 49 of the Listing Agreement formed as a part of the Annual Report. A Certificate from the statutory auditor of your Company on the compliance with Corporate Governance requirements by your Company is attached to the Report on Corporate Governance.

Employee Stock Option Scheme:

On 12th January, 2011, the members of your Company approved 'Employees Stock Option Scheme 2011' for your Company. The details of the Scheme to be disclosed as per the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are provided under the Notes to the Financial Statements. The 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 9th May, 2012) whichever is later.

Consolidated Financial Statements:

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

Auditors' Report:

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

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

Auditors:

B S R and Co, Chartered Accountants, the Statutory Auditors of your Company retire at the ensuing Annual General Meeting and are eligible for reappointment. Your Company has received a letter from the retiring auditor to the effect that their appointment as Statutory Auditor, if made will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

Acknowledgement:

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

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

For and on behalf of the Board

Shrikant Zaveri
Chairman & Managing Director

Binaisha Zaveri
Whole-time Director

Date: 30th May, 2012.
Place: Mumbai

REPORT ON CORPORATE GOVERNANCE

Your Company has been listed w.e.f. 9th May, 2012 on BSE Ltd. (BSE) and National Stock Exchange of India Limited (NSE). The Report on Corporate Governance in compliance with Clause 49 of the Listing Agreement is as follows:

Company's Philosophy on Corporate Governance:

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

I. Board of Directors:

- A. The Board comprises of Executive and Independent Directors as required under applicable legislation. As on 31st March, 2012, 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. The Composition of the Board represents an optimum mix of professionalism, knowledge and experiences and enables the Board to discharge its responsibilities and provide effective leadership to the business. The positions of the Chief Executive Officer and the Chief Financial Officer are held by separate individuals who are professionally qualified.

During the year, the Board of Directors comprises 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.

During the year, five (5) Board Meetings were held on 27th May, 2011, 23rd September, 2011, 14th December, 2011, 15th March, 2012 and 30th March, 2012.

- 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 Directors	Category of Director-ship	No. of Board Meetings Attended	Attendance at last AGM held on 04.07.2011	No. of outside Director-ship in all Companies *	No. of outside Committee Membership/ Chairmanship in all Companies**	
					Member	Chairman
Mr. Shrikant Zaveri	CMD	5	Yes	1	Nil	Nil
Ms. Binaisha Zaveri	WTD	5	Yes	1	Nil	Nil
Ms. Raashi Zaveri	WTD	4	Yes	1	Nil	Nil
Mr. Kamlesh Vikamsey	ID	4	Yes	10	5	4
Mr. Ajay Mehta	ID	4	No	1	2	NIL
Mr. Sanjay Asher	ID	3	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 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 meetings. Further, the Commission is also paid to them which is within the limit of 1% of the net profits of your Company as per the applicable provisions of the Companies Act, 1956. Your Company has not had any pecuniary relationship and transaction with any of the Independent Directors during the year under review.

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

C. 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.

D. Appointment of Directors retiring by rotation:

Mr. Ajay Mehta and Mr. Sanjay Asher; Independent Directors of your Company retiring by rotation are proposed to be re-appointed at the ensuing Annual General Meeting.

E. Code of Conduct:

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

F. Remuneration paid/ payable to Managing Director and Whole-time Directors for the year ended 31st March, 2012.

Details of remuneration paid/ payable to Managing Director/ 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	94,500,000	--	--	--	--
Ms. Binaisha Zaveri	18,900,000	--	--	--	--
Ms. Raashi Zaveri	18,900,000	--	--	--	--

G. Sitting Fees & Commission paid/ payable to Independent Directors:

The Independent Directors are paid sitting fees @ ₹ 20,000/- per Board Meeting attended and ₹ 10,000/- per meeting attended of the various Committees. Commission will be paid within the limit of 1% of the net profits of your Company as approved by the Board.

Details of sitting fees paid/ commission payable to Independent Directors of your Company as on 31st March, 2012 are as follows:

Names of the Non-Executive Directors	Sitting Fees (In ₹)	Commission * (In ₹)
Mr. Kamlesh Vikamsey	120,000	750,000
Mr. Ajay Mehta	160,000	750,000
Mr. Sanjay Asher	60,000	750,000

(*) gross amount, subject to tax and payable in financial year 2012-13.

H. Details of shares held by Directors:

Following are the details of the shares held by the Directors of your Company as on 31st March, 2012:

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

II. Board Committees:

The Board has constituted five (05) Committees:

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

1) Audit Committee:

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

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

The Audit Committee enjoys following powers: -

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

The terms of reference of 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 utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
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 27th May, 2011, 23rd September, 2011, 14th December, 2011 and 30th March, 2012.

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

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

2) Remuneration Committee:

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

The composition of the Remuneration Committee is as follows:

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

The Company Secretary is the Secretary to the Committee.

Although the Committee did not meet during the Financial Year 2011-2012, the Members held discussion amongst themselves and made appropriate recommendations to the Board.

3) Shareholders' / Investors' Grievance Committee:

The Shareholders'/Investors Grievance Committee was constituted vide resolution dated 14th 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 redressing 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 30th April, 2011, 25th August, 2011, 14th December, 2011 and 19th March, 2012.

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	3

4) IPO Committee:

The IPO Committee was constituted vide Board Resolution dated 14th 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.

During the year two IPO Committee Meetings were held on 18th August, 2011 and 13th February, 2012.

The attendance record of the IPO Committee 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

5) Special Committee of the Board of Directors:

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

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

The Company Secretary is the Secretary to the Committee.

During the year one Special Committee of Board of Directors Meeting was held on 8th August, 2011.

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	1	1
Ms. Binaisha Zaveri	1	1
Ms. Raashi Zaveri	1	1

III. General Body Meetings:

A. Annual General Meeting (AGM):

Location, date and time of the Annual General Meetings held in last four (4) years are as under:

Year	Location of the Meeting	Date	Time
2007-2008	241/43, Zaveri Bazar, Mumbai 400002.	15 th April, 2008	11.30 a.m.
2008-2009	241/43, Zaveri Bazar, Mumbai 400002.	30 th September, 2009	11.30 a.m.
2009-2010	241/43, Zaveri Bazar, Mumbai 400002.	30 th September, 2010	11.30 a.m.
2010-2011	228, Ground Floor, Mittal Chambers, Nariman Point, Mumbai 400021.	4 th July, 2011	11.00 a.m.

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

No Special Resolutions were passed in the AGM held on 30th September, 2009.

No Special Resolutions were passed in the AGM held on 30th September, 2010.

No Special Resolutions were passed in the AGM held on 4th July, 2011.

B. Extra Ordinary General Meeting (EGM):

Location, date and time of the Extra-Ordinary General Meetings held in last four (4) years are as under:

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

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

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

One (01) Special Resolution was passed in the EGM held on 26th November, 2010. Special Resolution is passed for the conversion of private limited to public limited company.

Two (02) Special Resolutions were passed in the EGM held on 6th December, 2010. Special Resolutions are 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 (01) Special Resolution was passed in the EGM held on 5th January, 2011. Special Resolution is passed for the Initial Public Offering (IPO) of your Company.

Three (03) Special Resolutions were passed in the EGM held on 12th January, 2011. Special Resolutions are passed for appointment and fixing remuneration of Mr. Shrikant Zaveri as Managing Director, Ms. Binaisha Zaveri and Ms. Raashi Zaveri as Whole-time Directors.

One (01) Special Resolution was passed in the EGM held on 28th March, 2011. Special Resolution is passed for the Commission to Non-Executive/Independent Directors.

C. Postal Ballot:

No special resolution was passed through postal ballot during the year 2011-2012 and no special resolution is proposed to be passed by postal ballot at the forthcoming Annual General Meeting.

IV. Subsidiary Companies:

As on 31st March, 2012 your Company have two wholly owned Subsidiary Companies, namely (1) Tribhovandas Bhimji Zaveri (Bombay) Limited and (2) Konfiance Jewellery Private Limited.

There are no material non listed Indian Subsidiary Company requiring appointment of Independent Director of your Company on the Board of Directors of the Subsidiary Companies. The requirements of the Clause 49 of the Listing Agreement with regard to subsidiary companies have been complied with, to the extent applicable.

V. Other Disclosures:

A. Disclosure of Related Party Transactions:

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

B. Disclosure of Accounting Treatment:

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

C. Risk Management Framework:

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

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

As on 31st March, 2012 your Company was an unlisted Company and no offer of equity shares were made to the public.

Your Company successfully completed its Initial Public Offer of ₹ 2,000,000,040 (Rupees Two Hundred Crores Forty only) by fresh issue of 16,666,667 shares. The shares of face value of ₹ 10/- each had a Price Band between ₹120/- to ₹126/- per share. The issue price was fixed at ₹ 120/- per share. The shares were listed on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) on 9th May, 2012. The utilisation of funds from the IPO proceeds as on 31st March, 2012 is not applicable to your Company.

E. Means of Communication:

As on 31st March, 2012 your Company was unlisted Company and hence the question of publishing quarterly, half yearly and annual results in newspaper does not arise. Your Company as a good corporate governance on its own will publish its annual financial results for the year ended 31st March, 2012 in Free Press Journal (in English) & Navshakti (in Marathi).

F. General Shareholders Information:

i. Annual General Meeting Date and Time Venue	Monday, 24 th September, 2012 at 3.30p.m. Mahajan Hall of Mumbai Textile Merchants' Mahajan, 1 st Floor, 250, Sheikh Memon Street, M. J. Market, Mumbai 400 002.
ii. Financial Calendar 2012-13 (Tentative)Results Unaudited Results for the quarter ending 30 th June, 2012 Unaudited Results for the quarter ending 30 th September, 2012 Unaudited Results for the quarter ending 31 st December, 2012 Audited Results for the year ending 31 st March, 2013 AGM for the approval of the Audited accounts for the year ended 31 st March, 2013 Financial Year	Meeting to be held on or before following dates: On or before 15 th August, 2012 On or before 15 th November, 2012 On or before 15 th February, 2013 On or before 30 th May, 2013 On or before 30 th September, 2013 1 st April to 31 st March
iii. Book Closure Date	15 th September, 2012 to 24 th September, 2012 (both days inclusive)
iv. Dividend payment date	Dividend shall be paid to all the eligible shareholders from 28 th September, 2012 onwards.
v. Listing on Stock Exchanges	The equity shares of your Company got listed on 9 th May, 2012 on BSE Limited (BSE) & National Stock Exchange of India Limited (NSE).
vi. Payment of listing fees	Your Company has paid listing fees upto 31 st March, 2013 to the BSE Ltd. (BSE) and National Stock Exchange of India Limited (NSE) where company Shares are listed.
vi. Stock Code/ Symbol: Bombay Stock Exchange code: National Stock Exchange Symbol:	534369 TBZ
vii. Dematerialization ISIN Number for NSDL & CDSL	INE760L01018
viii. Outstanding GDR/ ADR/ Warrants or any convertible instruments, conversion date and impact on equity.	Your Company has not issued any GDRs/ ADRs/ Warrants or any other convertible instrument.
ix. Market Price Data High/ Low during each month of the Financial Year 2011-2012 at BSE (Designated Stock Exchange).	Your Company was not a listed company till 31 st March, 2012, and therefore the disclosure of market price data for the financial year 2011 - 2012 does not apply.

G. Share Transfer System:

The share transfers/ transmissions are approved by the Shareholders/ Investors Grievance Committee. The Committee meets as and when required to consider other transfer proposals and attend to Shareholders' grievances. There are no share transfer requests pending as on 31st March, 2012.

Shares sent for transfer in physical form are registered and returned within a period of thirty days from the date of receipt of the documents, provided the documents are valid and complete in all respects.

On listing the trading in equity shares of your Company through the recognised Stock Exchanges is permitted only in dematerialised form.

H. Number of complaints from shareholders during the year ended 31st March, 2012.

The shareholders complaint outstanding as on 1st April, 2011, received during the year as well as outstanding as on 31st March, 2012, was NIL.

I. Distribution of Shareholding as on 31st March, 2012.

No. of equity shares held	No. of Folios / Shareholders	No. of Shares held	% of Share holding
Upto 500	1	225	0.00
501 to 1,000	--	--	--
1,001 to 2,000	--	--	--
2,001 to 3,000	--	--	--
3,001 to 4,000	--	--	--
4,001 to 5,000	--	--	--
5,001 to 10,000	--	--	--
More than 10,000	9	49,999,775	100
Total	10	50,000,000	100

J. Shareholding Pattern as on 31st March, 2012.

Category	No. of Share held	% of Share holding
Promoters & Promoters Group	49,449,775	98.89955
Other Directors & their relatives	--	--
Mutual Funds, Financial Institutions, Banks & Insurance Companies	--	--
Foreign Institutional Investors (FII's)	--	--
Non Resident Indians (NRIs)	--	--
Resident Individuals	550,225	1.10045
Bodies Corporate	--	--
Others	--	--
Total	50,000,000	100

K. Dematerialisation of Shares:

As on 31st March, 2012, 99.99955% (100%) of the total paid up capital representing 49,999,775 shares, were held in dematerialized form and the balance 0.00045% (Nil%) representing 225 shares were held in physical form.

L. 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 21st April, 2011 and 29th 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 5th 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), 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 Computer share 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.

M. Mandatory requirement of PAN:

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

- (i) Deletion of name of deceased shareholder(s), where the shares are held in the name of two or more shareholders.
- (ii) Transmission of shares to the legal heir(s), where deceased shareholder was the sole holder.
- (iii) Transposition of shares in case of change in the order of names in which physical shares are held jointly in the name of two or more shareholders.

N. Address for correspondence:

Registered Office Address:

Tribhovandas Bhimji Zaveri Limited

241/ 43, Zaveri Bazar

Mumbai - 400 002.

Tel. No.: +91 (022) 3956 5001

Fax No.: +91 (022) 3956 5056

Email Add.: investors@tbzoriginal.com

Website Add.: www.tbztheoriginal.com

Corporate Office Address:

Tribhovandas Bhimji Zaveri Limited

228, Ground Floor,

Mittal Chambers, Nariman Point,

Mumbai - 400 021.

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

Fax No.: +91 (022) 3073 5088

Email Add.: investors@tbzoriginal.com

Website Add.: www.tbztheoriginal.com

Your Company has an exclusive e-mail id viz. investors@tbzoriginal.com to enable investors to register their complaints, if any.

Shareholders correspondence may be directed to your Company's Registrar and Share Transfer Agent, whose address is given below:

Karvy Computershare Private Limited

Plot No. 17-24, Vithal Rao Nagar,

Madhapur, Hyderabad 500 081

Tel No: +91 (040) 4465 5000

Fax No: +91 (040) 2343 1551

E-Mail: einward.ris@karvy.com

Website: <http://karishma.karvy.com>

Contact Person: T.P. Raju

SEBI Registration No: INR000000221

O. Showroom addresses:

Your Company has total fourteen (14) showrooms operating as on 31st March, 2012. The addresses of the showroom forms part of Annexure to this report.

P. CEO / CFO Certification:

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) have certified to the Board in accordance with Clause 49 of the Listing Agreement pertaining to CEO/ CFO certification for the financial year ended 31st March, 2012, which is annexed hereto.

Q. 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 year 2011-2012.

For and on behalf of the Board

Shrikant Zaveri
Chairman & Managing Director

Binaisha Zaveri
Whole-time Director

Date: 30th May, 2012

Place: Mumbai

Annexure to Report on Corporate Governance

Showroom Addresses:

Showrooms of your Company in operation as on 31 st March, 2012:	
Maharashtra	
1	241/43, Zaveri Bazar, Mumbai 400 002,
2	L.T. Road, Borivali (West), Mumbai 400 092.
3	002 & 102, Prime Plaza, S.V. Road, Santacruz (West), Mumbai 400 054.
4	M.G. Road, Rajawadi, Ghatkopar (East), Mumbai 400 077.
5	Gautam Tower, off Gokhale Road, Thane (West) 400 601 .
6*	31/34, Connought Place, Bund Garden Road, Pune 411 001 . (*)
Gujarat	
7	IsconCenter, Shivranjani Cross Road, Satellite, Ahmedabad 380 015.
8	LalBungalow, SNS House, Athwa Lines, Surat 395 007 .
9	Janakpuri Complex, Dr. Yagnik Road, Opp. Hotel Imperial Palace, Rajkot - 360001 .
Andhra Pradesh (Hyderabad & Vijaywada)	
10	70 Greensland Road, Punjagutta, Hyderabad - 500 082.
11	Shop no I, Mogul's court, Basheerbagh, Hyderabad - 500 001 .
12	Opp Gateway Hotel, M.G. Road, Labbipet, Vijayawada 520 010.
Kerla (Kochi)	
13	Jos Annexe Building, Jos Junction, Ernakullam, Kochi 682 016.
Madhya Pradesh (Indore)	
14	576 Laxmi Tower, M.G. Road, opp Treasure Island, Indore 452 001 .

(*) w.e.f. 1st April, 2012 the Pune show room shifted to new location:
Seth House, 21/4B, Opposite Le Royce Hotel, Bundgarden Road, Pune - 411001 .

For and on behalf of the Board

Shrikant Zaveri
Chairman & Managing Director

Binaisha Zaveri
Whole-time Director

Date: 30th May, 2012
Place: Mumbai

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

To
The Board of Directors
TribhovandasBhimji Zaveri Limited.
Mumbai.

Dear Sir/ Madam,

Sub: CEO/CFO Certificate (Issued in accordance with provisions of clause 49 of the Listing Agreement)

We, Ravindra Nagarkar, Chief Executive Officer and Prem Hinduja, 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 31st March, 2012 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 statement 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 beliefs, 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, 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 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,
For Tribhovandas Bhimji Zaveri Limited

Ravindra Nagarkar
Chief Executive Officer

Prem Hinduja
Chief Financial Officer

Date: 30th May, 2012
Place: Mumbai

**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 2012, 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 BSR and Co
Chartered Accountants
Firm's Registration No: 128510W

Mumbai
30 May 2012

Vijay Mathur
Partner
Membership No: 046476

STANDALONE ACCOUNTS
AUDITORS' REPORT

To the Members of
Tribhovandas Bhimji Zaveri Limited

We have audited the attached Balance Sheet of Tribhovandas Bhimji Zaveri Limited ('the Company') as at 31 March 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- a) we have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of the 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 the 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 dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
- e) on the basis of written representations received from the directors of the Company as at 31 March 2012 and taken on record by the board of directors, we report that none of the director is disqualified as on 31 March 2012 from being appointed as a director of the Company under clause (g) of sub-section (1) of section 274 of the Act; and
- f) 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 the accounting principles generally accepted in India;
 - i. in case of the balance sheet; of the state of affairs of the company as at 31 March 2012;
 - ii. in case of the Statement of profit and loss, of the profit of the Company for the year ended on that date; and
 - iii. in case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

For BSR and Co
Chartered Accountants
Firm's Registration No: 128510W

Mumbai
30 May 2012

Vijay Mathur
Partner
Membership No: 046476

Annexure to Auditors' Report 31 March 2012

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) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) Fixed assets disposed of during the year were not substantial, and do not affect the going concern assumption.
- ii. (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- (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 is maintaining proper records of inventory. No discrepancies were noticed on verification between the physical stocks and the book records.
- iii. (a) The Company had granted loan to one Company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was ₹ 215,596 and the year-end balance of such loans was ₹ 215,596.
- (b) In our opinion, rate of interest, other terms and conditions on which loans have been granted to companies listed in the register maintained under Section 301 of the Act, are not, prima facie, prejudicial to the interest of the Company.
- (c) Loans granted to the companies listed in the register maintained under Section 301 of the Act are repayable on demand and interest free. Since the Company has not called back the loans, we are unable to comment on the regularity of repayment of principal.
- (d) In view of our comment in paragraph (iii) (c) above, there is no overdue amount of more than Rupees one lakh in respect of loans granted to any of the companies listed in the register maintained under Section 301 of the Act.
- (e) The Company had taken loans from nine Companies and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was ₹ 237,104,956 and the year-end balance of such loans was ₹ 122,369,471.
- (f) Loans taken from the companies listed in the register maintained under Section 301 of the Act are repayable on demand and interest free, the company has been regular in repaying the principal amounts as stipulated and in the payment of interest.
- (g) The Company has taken loan which is repayable on demand from the party covered in the register maintained under Section 301 of the Act. The company has been regular in repaying the principal amounts as stipulated.

- 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 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 all contracts and 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 Rs 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. 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, Wealth tax, Service tax, Custom duty, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund and Excise duty.

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, Wealth tax, Service tax, Customs duty and other material statutory were in arrears as at 31 March 2012 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, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited on account of any dispute. The following dues of sales tax has not been deposited by the Company on account of disputes.

Name of the Statute	Nature of the Dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Kerala Value Added Tax 2010	Value added tax	3,699,530	2009-10	Deputy Commissioner of Sales Tax

- x. The Company has been registered for a period of less than five years and accordingly clause 4(x) of the Order is not applicable to the Company.
- xi. In our opinion, and according to the information and explanations given to us, the Company has not defaulted during the year in repayment of dues to its bankers. The Company did not have any outstanding debentures or any outstanding loans from financial institutions during the year.

- xii. According to information and explanations given, the Company has not granted any loans / advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion and according to the information and explanations given to us, the Company is not a chit fund / nidhi / mutual benefit fund / society.
- xiv. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- xv. According to the information and explanations given to us, the Company has given guarantee for loans taken by directors from bank or financial institutions; however the terms and conditions are not considered prejudicial to the interest of the Company.
- xvi. According to the information and explanations given, the term loans taken by the Company have been applied for the purpose for which the loans were obtained.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to Company, firms or parties covered in the register maintained under Section 301 of the Companies Act, 1956, during the year.
- xix. The Company did not have any outstanding debentures during the year.
- xx. The Company has not raised any money by public issues.
- 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.

For BSR and Co
Chartered Accountants
Firm's Registration No: 128510W

Mumbai
30 May 2012

Vijay Mathur
Partner
Membership No: 046476

BALANCE SHEET
AS AT 31 MARCH 2012

₹ Rupees

	Notes	31 March 2012	31 March 2011
EQUITY AND LIABILITIES			
1) Shareholders' funds			
(a) Share capital	3	500,000,000	500,000,000
(b) Reserves and surplus	4	1,095,755,443	571,036,552
		<u>1,595,755,443</u>	<u>1,071,036,552</u>
2) Non-current liabilities			
(a) Long-term borrowings	5	26,703,485	56,559,872
(b) Other long term liabilities	6	5,400,000	-
(c) Long-term provisions	7	38,687,390	32,276,772
		<u>70,790,875</u>	<u>88,836,644</u>
3) Current liabilities			
(a) Short-term borrowings	8	2,009,010,243	2,029,652,464
(b) Trade payables	9	871,775,685	1,075,864,358
(c) Other current liabilities	10	1,064,699,741	728,486,921
(d) Short-term provisions	11	213,544,107	136,189,936
		<u>4,159,029,776</u>	<u>3,970,193,679</u>
		<u>5,825,576,094</u>	<u>5,130,066,875</u>
ASSETS			
1) Non-current assets			
(a) Fixed assets	12		
i) Tangible assets		472,777,444	465,609,863
ii) Intangible assets		18,772,968	24,083,284
iii) Capital work-in-progress		7,064,971	-
		<u>498,615,383</u>	<u>489,693,147</u>
(b) Non-current investments	13	30,251,360	29,824,420
(c) Deferred tax assets (net)	14	33,827,923	17,544,245
(d) Long term loans and advances	15	87,672,708	84,807,338
		<u>151,751,991</u>	<u>132,176,003</u>

2) Current assets			
(a) Inventories	16	5,018,970,605	4,254,329,259
(b) Trade receivables	17	30,004,290	83,739,174
(c) Cash and bank balance	18	53,401,439	90,729,213
(d) Short-term loans and advances	19	29,644,630	49,438,020
(e) Other current assets	20	43,187,756	29,962,059
		<u>5,175,208,720</u>	<u>4,508,197,725</u>
		<u>5,825,576,094</u>	<u>5,130,066,875</u>
Summary of significant accounting policies The notes referred to above form an integral part of the financial statements	2		

As per our report of even date attached

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

For and behalf of Board of Directors

Vijay Mathur
Partner
Membership No: 046476

Shrikant Zaveri
Chairman and Managing Director

Binaisha Zaveri
Whole Time Director

Mumbai
30 May 2012

Prem Hinduja
Chief Financial Officer

Niraj Oza
Company Secretary

Mumbai
30 May 2012

**STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31 MARCH 2012**

₹ Rupees

	Notes	31 March 2012	31 March 2011
INCOME			
I Revenue from operations	21	13,854,699,680	11,939,308,876
II Other income	22	16,089,925	5,428,431
III Total revenue (I+II)		<u>13,870,789,605</u>	<u>11,944,737,307</u>
EXPENSES			
Cost of raw material and components consumed	23	9,718,900,166	8,168,861,608
Purchase of traded goods	24	2,488,664,680	2,776,435,286
Changes in inventories of finished goods and traded goods	25	(783,601,524)	(883,979,819)
Employee benefit expenses	26	457,460,317	405,156,648
Other expenses	27	752,665,067	607,359,705
Depreciation and amortisation expenses	12	52,627,020	39,952,410
Finance costs	28	314,822,398	228,166,456
IV Total expenses		<u>13,001,538,124</u>	<u>11,341,952,294</u>
IV Profit before tax		869,251,481	602,785,013
V Less: Tax expense			
- Current tax		313,000,000	214,000,000
- Deferred tax	14	(16,283,677)	(5,462,565)
- Provision for tax of earlier years		605,000	-
Total tax expense		<u>297,321,323</u>	<u>208,537,435</u>
VI Profit for the year (VI-VII)		571,930,158	394,247,578
VII Earnings per equity share (Nominal value of share ₹ 10 (March 11: ₹ 10))	29.10		
(1) Basic		<u>11.44</u>	<u>7.88</u>
(2) Diluted		<u>11.42</u>	<u>7.87</u>

<p>Summary of significant accounting policies The notes referred to above form an integral part of the financial statements</p>	<p>2</p>		
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As per our report of even date attached

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

For and behalf of Board of Directors

Vijay Mathur
Partner
Membership No: 046476

Shrikant Zaveri
Chairman and Managing Director

Binaisha Zaveri
Whole Time Director

Mumbai
30 May 2012

Prem Hinduja
Chief Financial Officer

Niraj Oza
Company Secretary

Mumbai
30 May 2012

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 March 2012**

₹ Rupees

Particulars		31 March 2012	31 March 2011
A CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before tax		869,251,481	602,785,013
Adjustments for:			
Depreciation and amortisation		52,627,020	39,952,410
Interest expenditure		314,822,398	228,166,456
Provision for bad debts		1,926,491	3,482,656
Employee stock options scheme expense		2,974,586	10,254,685
Interest income		(3,216,814)	(3,514,794)
Profit on sales of fixed assets		(223,560)	(156,134)
Assets written off		4,035,973	884,856
Foreign exchange (gain) / loss (net)		(441,409)	577,732
Operating profit before working capital changes		1,241,756,166	882,432,880
Movements in working capital			
Increase in long term provisions		6,410,618	12,831,764
Increase in long term liabilities		5,400,000	-
Increase in trade payables		(204,088,673)	579,006,469
Increase in other current liabilities		336,183,471	364,464,129
Increase in short term provisions		12,022,960	6,416,118
Increase in long-term loans and advances		(16,064,863)	(50,555,244)
Increase in inventories		(764,641,346)	(1,386,391,139)
Decrease / (increase) in trade receivables		52,249,802	(57,252,559)
Decrease / (increase) in short-term loans and advances		19,793,390	12,136,856
Increase in other current assets		(13,225,697)	(29,962,059)
Cash generated from operations		675,795,829	333,127,215
Income taxes paid		(285,260,149)	(110,583,735)
Net cash generated from operating activities	(A)	390,535,680	222,543,480
B CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(70,190,377)	(84,881,654)

Sale of fixed assets		4,858,055	810,000
Fixed deposit matured		39,857,522	-
Investment in fixed deposit		(34,131,482)	(7,401,407)
Purchase of non-current investments of subsidiary		(426,940)	(29,764,420)
Interest received		3,216,814	3,514,794
Net cash utilized for Investing activities	(B)	(56,816,408)	(117,722,687)
C CASH FLOW FROM FINANCING ACTIVITIES			
(Repayment) / proceeds from long-term borrowings		(29,856,387)	13,619,876
(Repayment) / proceeds from short-term borrowings		(20,642,221)	134,371,139
Interest paid		(314,822,398)	(228,166,456)
Net cash utilized for financing activities	(C)	(365,321,006)	(80,175,441)
Net Increase In Cash And Cash Equivalents	(A+B+C)	(31,601,734)	24,645,352
Cash and cash equivalent at beginning of year		53,327,806	28,682,454
Cash and cash equivalent at end of year		21,726,072	53,327,806
Cash and cash equivalents of closing balance (refer Note 18)		21,726,072	53,327,806

Notes:

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

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

As per our report of even date attached

For **B S R and Co**

Chartered Accountants

Firm's Registration No: 128510W

Vijay Mathur

Partner

Membership No: 046476

Mumbai

30 May 2012

Shrikant Zaveri

Chairman and Managing Director

Prem Hinduja

Chief Financial Officer

For and behalf of Board of Directors

Binaisha Zaveri

Whole Time Director

Niraj Oza

Company Secretary

Mumbai

30 May 2012

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

1 Background

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 14 show rooms located across India.

The Company successfully completed its Initial Public Offer of ₹ 2,000 Million by fresh issue of 16,666,667 shares. The shares of face value of ₹ 10 each had a Price Band between ₹ 120 to ₹ 126 per share. The issue price was fixed at ₹ 120 per share. The shares were listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited on 9 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 Fixed assets and depreciation / amortisation

Fixed assets are stated at cost of acquisition less accumulated depreciation / amortization and impairment. Cost includes purchase price and other cost attributable to acquisition and installation of the 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.

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.

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

2.4 Impairment of assets

In accordance with AS 28-'Impairment of Assets', where there is an indication of impairment of the Company's asset, the carrying amounts of the Company's material assets and/or the cash generating units are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of the asset (or where applicable, that of the cash generating unit which the asset belongs) is estimated as the higher of its net selling price and its value in use.

An impairment loss is recognized whenever the carrying amount of an asset or a cash generating unit exceeds its recoverable amount. An impairment loss is recognised in the profit and loss account.

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

2.5 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 in the opinion of the management.

2.6 Inventories

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

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

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

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

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.

2.7 Revenue recognition

Revenue from sale of goods is recognized on transfer of all significant risks and rewards of ownership to the buyer (net of sales tax, sales return, and trade discounts)

Interest income is recognized on a time proportion basis.

2.8 Foreign Currency Transactions

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

2.9 Employee benefits

Provident fund and Employees State Insurance :-

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

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 profit and loss account.

Gratuity

The Company's gratuity benefit scheme is an unfunded defined benefit 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 profit and loss account.

2.10 Employees Stock Option Scheme

The intrinsic value of option granted under Employees Stock Option Schemes is accounted as employee compensation cost and written off over the vesting period.

2.11 Leases

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

Leases in which the company transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognised as a receivable at an amount equal to the net investment in the lease. After initial recognition, the company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognised in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.

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

2.12 Taxation

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). The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially 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 carry forward of losses, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. 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.

2.13 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

2.14 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 (CONTINUED)
AS AT 31 MARCH 2012

₹ Rupees

3 Share capital

	31 March 2012	31 March 2011
Authorised Shares 75,000,000 (31 March 2011: 75,000,000) equity shares of ₹ 10 each Increased during the year/period	750,000,000 -	200,000,000 550,000,000
Closing balance of equity shares	<u>750,000,000</u>	<u>750,000,000</u>
Issued, subscribed and fully paid up 50,000,000 (31 March 2011: 50,000,000) equity shares of ₹ 10 each	500,000,000	500,000,000
Total issued, subscribed and fully paid up share	<u>500,000,000</u>	<u>500,000,000</u>

Note :

- a Shares reserved for issue under options

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

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

	31 March 2012		31 March 2011	
	No. of shares	Amount	No. of shares	Amount
Equity shares At the beginning of the period	50,000,000	500,000,000	10,000,000	100,000,000
Issued during the period - Bonus issue	-	-	40,000,000	400,000,000
Issued during the period - ESOP	-	-	-	-
Outstanding at the end of the period	<u>50,000,000</u>	<u>500,000,000</u>	<u>50,000,000</u>	<u>500,000,000</u>

- 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 2012		31 March 2011	
	-	Amount	-	Amount
Equity shares allotted as fully paid bonus shares by capitalization of security premium	-	48,800,000	-	48,800,000
Equity shares allotted as fully paid-up pursuant to contracts for consideration other than cash.	-	-	-	-
Equity shares bought back by the Company	-	-	-	-

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

	% holding in class	No. of Shares	% holding in class	No. of Shares
Equity shares of ₹ 10 each fully paid				
Shrikant Zaveri	66.78%	33,392,275	73.48%	36,742,275
Binaisha Zaveri	10.57%	5,285,000	10.57%	5,285,000
Raashi Zaveri	9.15%	4,572,500	9.15%	4,572,500
Bindu Zaveri	7.00%	3,500,000		-

e Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per shares. The Company declares dividends in Indian rupees. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

f The Company had increased its authorized equity share capital to ₹ 750,000,000 consisting of 75,000,000 equity shares of nominal value ₹ 10 in the Annual General Meeting held on 30 September 2010.

g During the previous year, the Board had approved the purchase of 5019 equity shares of ₹ 100 each of Tribhovandas Bhimji Zaveri (Bombay) Limited (formerly Tribhovandas Bhimji Zaveri (Bombay) Private Limited) at a price of ₹ 4,030 per share amounting to ₹ 20,226,570. Consequent to the investment, Tribhovandas Bhimji Zaveri (Bombay) Limited (formerly Tribhovandas Bhimji Zaveri (Bombay) Private Limited) became the subsidiary of the Company w.e.f. 4 October 2010. Subsequently, the Company had sold 5 shares at its cost of acquisition. On 13 June 2011, the Company has purchased 6 shares at ₹ 4,490 per share for ₹ 26,940, consequent to the purchase Tribhovandas Bhimji Zaveri (Bombay) Limited (formerly Tribhovandas Bhimji Zaveri (Bombay) Private Limited) became 100% subsidiary of the Company.

₹ Rupees

4 Reserves and surplus		
	31 March 2012	31 March 2011
i) Securities premium account		
Balance as per the last financials statements	-	340,000,000
Less: amounts utilised towards issue of fully paid bonus shares	-	(340,000,000)
Closing balance	-	-
ii) Employee stock options outstanding account*		
Gross employee stock options granted in earlier years	10,254,685	-
Add: additions on options exercised	2,974,586	10,254,685
Closing balance	13,229,271	10,254,685
iii) Surplus / (deficit) in profit and loss		
Balance as per the last financial statements	560,781,867	226,534,289
Profit for the year	571,930,158	394,247,578

₹ Rupees

Add: excess provision of tax pertaining to earlier years	7,925,397	-
Less: Utilised for issue of bonus	-	(60,000,000)
Less: Appropriations		
- Proposed final equity dividend [amount ₹ 0.75 per share (31 March 2011 : ₹ Nil per share)]	(50,000,000)	-
- Tax on proposed equity dividend	(8,111,250)	-
Net surplus in the statement of profit and loss	<u>1,082,526,172</u>	<u>560,781,867</u>
Total reserves and surplus	<u>1,095,755,443</u>	<u>571,036,552</u>

*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.

₹ Rupees

5 Long term borrowings		
	31 March 2012	31 March 2011
- Secured		
Term loans from banks		
- HDFC term loan*	22,342,237	26,425,811
- State Bank of India term loan**	-	28,092,838
- HDFC vehicle loan#	1,422,347	-
- State Bank of India vehicle loan# from financial institutions	952,999	-
- BMW Financial Services ^	1,985,902	2,041,223
	<u>26,703,485</u>	<u>56,559,872</u>

*The term loan from bank carries interest @ 13.50% p.a. The loan is repayable in 60 monthly installments of ₹ 690,957 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 pertaining to retail division. Further, the loan has been guaranteed by the personal guarantee of the managing director of the Company.

**The term loan from bank carries interest @ 15.75% p.a. The loan is repayable in 45 monthly installments of ₹ 3,100,000 each alongwith interest, from the date of loan, viz., 29 April 2008. The loan is secured by hypothecation of exclusive charge on the properties situated at Charkop and hypothecation of fixed assets to be purchased at the Kandivali factory. Pari passu charge by way of hypothecation of raw materials, finished goods, and receivables including current assets. Further, the loan has been guaranteed by the personal guarantee of the directors of the Company.

#The vehicle loan from HDFC bank carries interest @ 10.75% p.a and 9.75% p.a. The loan is repayable in 36 monthly installments of ₹ 79,503 and ₹ 29,744 respectively each alongwith interest, from the date of loan, viz., 7 April 2011 and 7 November 2011 respectively. The loan is secured by hypothecation of vehicle.

#The vehicle loan from State Bank of India carries interest @ 11.25% p.a. The loan is repayable in 60 monthly installments of ₹ 26,250 each alongwith interest, from the date of loan, viz., 20 December 2012. The loan is secured by hypothecation of vehicle.

^ The vehicle loan from BMW Financial services bank carries interest @ 10.75% p.a and 8.69% p.a. The loan is repayable in 36 monthly installments of ₹ 110,000 and ₹ 92,789 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.

₹ Rupees

6 Other long term liability		31 March 2012	31 March 2011
Deposits received		5,400,000	-
		<u>5,400,000</u>	<u>-</u>
7 Long term provisions		31 March 2012	31 March 2011
Provision for employee benefits			
- Provision for gratuity		32,273,468	26,146,359
- Provision for leave benefits		6,413,922	6,130,413
		<u>38,687,390</u>	<u>32,276,772</u>
8 Short term borrowings		31 March 2012	31 March 2011
i) Secured			
- Loans repayable on demand			
- from banks			
- Working capital demand loan ^		400,000,000	400,000,000
- Cash credit from banks#		1,486,640,772	1,512,747,445
		<u>1,886,640,772</u>	<u>1,912,747,445</u>
ii) Unsecured Loan			
Interest free loans and advances from related			
- From directors		94,329,851	49,111,685
- From associates		28,039,620	28,324,181
- From subsidiary		-	39,469,153
		<u>122,369,471</u>	<u>116,905,019</u>
		<u>2,009,010,243</u>	<u>2,029,652,464</u>

^ The loan is repayable on demand and bullet repayment on maturity date and interest carries @ 13.50% p.a. The loan is secured by hypothecation of exclusive charge on the raw materials, finished goods, receivables, entire fixed assets of the Company, and other current assets located at Zaveri Bazar, and Santacruz showroom. Further, the loan has been guaranteed by the personal guarantee of the directors of the Company.

#The cash credit from State Bank of India carries interest @ 14.75% p.a. The loan is repayable on demand from the date of loan, viz., 22 March 2011. The loan is secured by hypothecation of exclusive charge on raw materials, finished goods, receivables, entire fixed assets of the Company, and other current assets located at Zaveri Bazar alongwith collateral security of Zaveri Bazar, and Surat property and Charkop factory, and fixed deposits of ₹ 30,000,000. Further, the loan has been guaranteed by the personal guarantee of the directors of the Company.

#The cash credit from HDFC Bank carries interest @ 14% p.a. The loan is repayable on demand from the date of loan,, viz., 1 March 2011. The loan is secured by hypothecation of exclusive charge on raw materials, finished goods, receivables, entire fixed assets of the Company, and other current assets located at Zaveri Bazar, and Santacruz showroom. Further, the loan has been guaranteed by the personal guarantee of the directors of the Company.

₹ Rupees

9 Trade payables		
	31 March 2012	31 March 2011
Due to		
- Micro, Small and Medium Enterprises (refer note 29.4)	-	-
Other than Micro, Small and Medium Enterprises		
- due to related parties	12,076,551	19,157,068
- due to others	859,699,134	1,056,707,290
	<u>871,775,685</u>	<u>1,075,864,358</u>
10 Other current liabilities	31 March 2012	31 March 2011
Advance from customers	818,500,308	521,441,349
Statutory liabilities	40,104,513	48,492,339
Current maturities of long term debts	34,534,833	45,166,208
Current maturities of finance lease obligations	3,424,713	1,567,123
Interest accrued but not due on borrowings	5,296,933	3,906,849
Others		
- Book overdraft	-	4,932,994
- Capital creditors	29,349	3,737,336
- Provision for sales and distribution expenses (refer note 29.13)	21,000,000	7,500,000
- Provision for rent equalization	21,787,345	18,133,572
- Provision for expenses	22,789,843	3,979,374
- Provision for managerial remuneration	56,996,960	43,737,857
- Provision for personnel expenses	34,438,707	25,891,920
- Provision for capital expenditure	5,796,237	-
	<u>1,064,699,741</u>	<u>728,486,921</u>
11 Short term provisions	31 March 2012	31 March 2011
i) Provision for employee benefits		
Provision for gratuity	10,156,732	7,189,992
Provision for leave benefits	19,053,915	9,997,695
ii) Others		
- Proposed equity dividend	50,000,000	-
- Tax on proposed equity dividend	8,111,250	-
- Provision for taxation (net of advance tax ₹ 199,266,151 (31 March 2011: ₹ 207,645,494)	126,222,210	119,002,249
	<u>213,544,107</u>	<u>136,189,936</u>

Notes to the financial statements (Continued)
as at 31 March 2012

12 Fixed assets

₹ Rupees

Description of assets	Gross block			Depreciation / Amortisation			Net block		
	As at 1 April 2011	Additions during the year	Deletion/adjustment during the year	As at 31 March 2012	As at 1 April 2011	For 1 April 2011 to 31 March 2012	Deletion/adjustment during the year	As at 31 March 2012	As at 31 March 2011
Tangible assets									
Land - owned	141,933,700	-	-	141,933,700	-	-	-	141,933,700	141,933,700
Buildings - factory	184,516,098	9,854,782	-	194,370,880	17,316,851	11,273,123	-	165,780,906	167,199,247
Lease hold improvements	42,422,329	5,689,138	3,961,921	44,149,546	12,316,445	5,115,566	1,537,599	28,255,134	30,105,884
Plant and equipment	62,328,832	22,469,736	61,343	84,185,135	15,948,470	8,150,558	265,194	60,351,301	46,380,362
Furniture and fixtures	86,866,793	6,470,864	8,588,655	84,749,002	33,722,284	10,017,512	4,411,607	45,420,813	53,144,509
Vehicles	27,749,174	6,719,704	5,063,741	29,405,137	11,802,803	4,903,633	3,407,855	16,106,556	15,946,371
Computers	23,682,367	11,594,567	322,445	34,934,489	12,762,577	7,500,347	257,469	14,929,034	10,899,790
Sub Total	569,479,293	62,798,791	18,550,195	613,727,889	103,869,430	46,960,739	9,879,724	472,777,444	465,609,863
Intangible assets									
Computer software	27,850,947	355,965	-	28,206,912	3,767,663	5,666,281	-	18,772,968	24,083,284
Sub Total	27,850,947	355,965	-	28,206,912	3,767,663	5,666,281	-	18,772,968	24,083,284
Total	597,330,240	63,154,756	18,550,195	641,934,801	107,637,093	52,627,020	9,879,724	491,550,412	489,693,147
Previous period	470,657,106	130,104,340	3,431,206	597,330,240	69,577,167	39,952,410	1,892,484	489,693,147	401,079,939

*Leased on operating lease to Tribhovandas Bhimji Zaveri (Bombay) Limited, a wholly owned subsidiary.

₹ Rupees

13 Non current investments		
	31 March 2012	31 March 2011
Trade Investments (valued at cost unless stated otherwise)		
- Investments in equity instruments (unquoted)		
100,000 (31 March 2011: 60,000) equity shares of ₹ 10 each, fully paid up in Konfiaance Jewellery Private Limited a wholly owned subsidiary	10,018,000	9,618,000
5,020 (31 March 2011: 5,014) equity shares of ₹ 100 each, fully paid up in Tribhovandas Bhimji Zaveri (Bombay) Limited a wholly owned subsidiary	20,233,360	20,206,420
	<u>30,251,360</u>	<u>29,824,420</u>
14 Deferred tax assets (net)		
	31 March 2012	31 March 2011
Arising on account of timing difference in		
Deferred tax liability		
- Impact of difference between tax depreciation and depreciation charged for the financial reporting period	(9,551,688)	(8,077,006)
Gross deferred tax liability	<u>(9,551,688)</u>	<u>(8,077,006)</u>
Deferred tax assets		
- Provision for employee benefits	27,291,459	15,724,645
- Provision for sales promotion	6,930,000	2,549,250
- Provision for doubtful debts	1,808,901	1,183,755
- Provision for lease rent equalisation	7,349,251	6,163,601
Gross deferred tax assets	<u>43,379,611</u>	<u>25,621,251</u>
Net deferred tax assets	<u>33,827,923</u>	<u>17,544,245</u>
Net changes in deferred tax assets	<u>16,283,677</u>	<u>5,462,565</u>
15 Long term loans and advances		
	31 March 2012	31 March 2011
- Capital Advances		
Unsecured, considered good	9,566,225	1,829,202
- Deposits		
Unsecured, considered good	64,635,799	56,307,959
- Other loans and advances		
Advance tax (net of provision for taxation)	13,470,684	26,670,177
	<u>87,672,708</u>	<u>84,807,338</u>

₹ Rupees

16 Inventories (valued at lower of cost and Net Realisable Value)		
	31 March 2012	31 March 2011
Raw material	519,557,599	538,517,777
Finished goods and traded goods	4,499,413,006	3,715,811,482
	<u>5,018,970,605</u>	<u>4,254,329,259</u>
17 Trade receivables		
	31 March 2012	31 March 2011
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
-Secured, considered good	1,311,537	-
-Unsecured, considered good	21,152,164	7,391,802
-Doubtful	5,374,757	3,482,656
Provision for doubtful receivables	27,838,458 (5,374,757)	10,874,458 (3,482,656)
Other debts		
-Unsecured, considered good	7,540,589	76,347,372
-Doubtful	-	-
Provision for doubtful receivables	-	-
Total	<u>30,004,290</u>	<u>83,739,174</u>
18 Cash and bank balances		
	31 March 2012	31 March 2011
Cash and cash equivalent		
Balances with banks		
- on current accounts	16,484,529	41,399,315
Cash on hand	5,241,543	11,928,491
Other bank balances		
- deposits with original maturity for more than 3 months but less than 12 months*	31,675,367	37,401,407
	<u>53,401,439</u>	<u>90,729,213</u>

*Deposits with a carrying amount of ₹ 30,000,000 (31 March 2011: ₹ 30,000,000) are subject to first charge to secure the Company's cash credit loans.

₹ Rupees

19 Short term loans and advances		
	31 March 2012	31 March 2011
- Loans and advances to related parties Unsecured, considered good	215,596	-
- Other loans and advances		
Advance to suppliers	15,198,261	37,269,340
Advances to employees and others	2,007,363	2,472,041
Prepaid expenses	8,060,497	8,146,236
Balance with government authorities	4,162,913	1,550,403
	<u>29,644,630</u>	<u>49,438,020</u>
20 Other current assets		
	31 March 2012	31 March 2011
Unsecured, considered good unless stated otherwise		
IPO expenses carried forward to be adjusted against securities premium	43,187,756	29,962,059
	<u>43,187,756</u>	<u>29,962,059</u>
21 Revenue from operations		
	31 March 2012	31 March 2011
i) Sale of products		
- Finished goods		
- Gold	8,351,219,409	8,657,327,844
- Diamond	2,630,167,963	2,636,575,215
- Others	-	645,271,887
Total finished goods (A)	<u>10,981,387,372</u>	<u>11,939,174,946</u>
- Traded goods		
- Gold	1,666,433,361	-
- Diamond	877,163,693	-
- Others	278,947,860	-
Total traded goods (B)	<u>2,822,544,914</u>	<u>-</u>
ii) Other operating revenue		
Other income	50,767,394	133,930
Revenue from operations (net)	<u>13,854,699,680</u>	<u>11,939,308,876</u>

₹ Rupees

	31 March 2012	31 March 2011
22 Other income		
Interest income on		
- Bank deposits	3,216,814	3,514,794
- Income Tax Refund	1,057,280	-
Net gain sale of fixed assets	223,560	156,134
Rental Income	10,800,000	1,500,000
Foreign exchange gain (net)	441,409	-
Other non operating income	350,862	257,503
	<u>16,089,925</u>	<u>5,428,431</u>
23 Cost of raw material and components consumed		
	31 March 2012	31 March 2011
Inventory at the beginning of the year	538,517,777	36,106,456
Add: Purchases	9,699,939,988	8,671,272,929
	10,238,457,765	8,707,379,385
Less: Inventory at the end of the year	(519,557,599)	(538,517,777)
Cost of raw material and components consumed	<u>9,718,900,166</u>	<u>8,168,861,608</u>
Details of raw material and components consumed		
- Gold	8,095,878,952	6,702,423,875
- Diamond	1,562,241,411	964,571,170
- Others	60,779,803	501,866,563
	<u>9,718,900,166</u>	<u>8,168,861,608</u>
Details of inventory		
Raw material and components		
- Gold	267,169,233	538,517,777
- Diamond	252,388,366	-
	<u>519,557,599</u>	<u>538,517,777</u>
24 Purchase of traded goods		
	31 March 2012	31 March 2011
- Gold	1,431,672,017	1,488,304,327
- Diamond	966,478,468	1,165,065,123
- Others	90,514,195	123,065,836
	<u>2,488,664,680</u>	<u>2,776,435,286</u>

₹ Rupees

25 Changes in inventories of finished goods and traded goods		
	31 March 2012	31 March 2011
Opening inventory		
- Finished goods and traded goods	3,715,811,482	2,831,831,663
	<u>3,715,811,482</u>	<u>2,831,831,663</u>
Closing inventory		
- Finished goods and traded goods	4,499,413,006	3,715,811,482
	<u>4,499,413,006</u>	<u>3,715,811,482</u>
Decrease in stock	<u>(783,601,524)</u>	<u>(883,979,819)</u>
Details of inventory		
Finished goods		
- Gold	2,903,348,620	2,305,654,163
- Diamond	1,447,764,687	1,165,545,904
- Others	148,299,699	244,611,415
	<u>4,499,413,006</u>	<u>3,715,811,482</u>
26 Employee benefit expenses	31 March 2012	31 March 2011
Salaries, wages and bonus	412,130,622	355,430,527
Contribution to provident and other funds		
- Provident fund	6,177,653	4,868,022
- Other fund	10,594,428	17,199,917
Expense on employee stock options scheme (refer note 29.2)	2,974,586	10,254,685
Staff welfare charges	15,964,881	8,148,687
Gratuity expenses (refer note 29.3)	9,618,147	9,254,810
	<u>457,460,317</u>	<u>405,156,648</u>

₹ Rupees

27 Other expenses	31 March 2012	31 March 2011
	Power and fuel	21,182,488
Water charges	1,064,566	346,558
Consumables	16,601,052	9,763,382
Repairs and maintenance to others	16,212,716	14,069,793
Job charges	4,863,366	6,353,241
Advertisement and sales promotion	331,331,200	293,872,584
Freight and forwarding charges	7,380,538	5,433,608
Commission and service charges	792,630	151,278
Insurance	4,608,013	3,787,557
Travelling and conveyance expenses	17,290,914	12,199,964
Rent	108,420,123	84,039,391
Rates and taxes	77,501,553	42,350,378
Repairs and maintenance others	9,247,000	12,032,749
Legal and professional charges	72,910,620	30,235,318
Postage, telegrams and telephone charges	14,405,800	12,276,346
Printing and stationery	4,703,670	5,939,353
Payment to auditors:		
- Statutory audit	3,000,000	1,323,600
- Out of pocket expenses	125,431	176,277
Miscellaneous expenses	21,729,550	23,149,768
Asset written off	4,035,973	884,856
Bank charges	10,741,373	21,857,271
Provision for doubtful debts	1,926,491	3,482,656
Foreign exchange loss (net)	-	577,732
Directors sitting fees	340,000	220,000
Commission to directors	2,250,000	2,250,000
	<u>752,665,067</u>	<u>607,359,705</u>
28 Finance costs	31 March 2012	31 March 2011
Interest expenses	290,547,933	225,919,796
Other borrowing costs	24,274,465	2,246,660
	<u>314,822,398</u>	<u>228,166,456</u>

29 Notes to accounts

29.1 Capital commitments and Contingent liabilities

Contracts remaining to be executed on capital account and not provided for as at 31 March 2012 ₹ is Nil (2011: ₹ Nil) (net of advances).

- **Contingent Liabilities**

- **Guarantee**

Guarantees given on behalf of the directors in respect of loans taken by them is ₹ 140,000,000 (2011: ₹ 140,000,000).

- **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 ₹ 4,979,320 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.

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.

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

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

Period within which options will vest unto the participant	% of options that will vest
End of 12 months from the date of grant of options*	33%
End of 24 months from the date of grant of options*	33%
End of 36 months from the date of grant of options*	34%
* Date of granting or date of listing whichever is later.	

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

Period within which options will vest unto the participant	% of options that will vest
End of 12 months from the date of grant of options*	66%
End of 36 months from the date of grant of options*	34%

Maximum term of options granted (In years)

3.65

Method of settlement

Equity settled

Employee stock option activity under Scheme 2011 is as follows:

1) Options

Particulars	31 March 2012	31 March 2011
Outstanding at beginning of the period	111,309	Nil
Granted during the period	Nil	111,309
Forfeited during the period	Nil	Nil
Exercised during the period	Nil	Nil
Outstanding at the end of the period	111,309	111,309
Vested and exercisable at the end of the period	Nil	Nil

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

The total charge to the profit and loss account on account of Options is ₹ 218,599 (31 March 2011 ₹ 400,361)

The total carrying amount as at 31 March 2012 on account of Options is ₹ 618,960 (31 March 2011: ₹ 400,361)

2) Restricted Stock Units (RSUs).

Particulars	31 March 2012	31 March 2011
Outstanding at beginning of the period	97,124	Nil
Granted during the period	Nil	97,124
Forfeited during the period	Nil	Nil
Exercised during the period	Nil	Nil
Outstanding at the end of the period	97,124	97,124
Vested and exercisable at the end of the period	Nil	Nil

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

The total charge to the profit and loss account on account of RSU is ₹ 2,755,989 (31 March 2011 - ₹ 9,854,324)

The total carrying amount as at 31 March 2012 on account of RSU is ₹ 12,610,313 (31 March 2011: ₹ 9,854,324)

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:

₹ Rupees

Particulars	31 March 2012	31 March 2011
Net Income as reported	571,930,158	394,247,578
Add: Intrinsic Value Compensation Cost	2,974,586	10,254,685
Less: Fair Value Compensation Cost	8,866,711	1,889,627
Adjusted Proforma Income	566,038,034	402,612,636
Earning Per Share: Basic		
As Reported	11.44	7.88
Adjusted Pro Forma	11.32	8.05
Earning Per Share: Diluted		
As Reported	11.42	7.87
Adjusted Pro Forma	11.30	8.04

Particulars	31 March 2012		31 March 2011	
	Options	RSUs	Options	RSUs
	The key assumptions used to estimate the fair value of options are :			
- The weighted average fair value of those options at the grant date	34.28	148.71	34.28	148.71
- Option pricing model used	Black Scholes		Black Scholes	
- Inputs to that model including -				
weighted average share price ₹	157.00	157.00	157.00	157.00
exercise price ₹	149.93	10.00	149.93	10.00
expected volatility	0.00%	0.00%	0.00%	0.00%
option life				
(comprising vesting period + exercise period)	2.62	2.46	2.62	2.46
expected dividends	0.00%	0.00%	0.00%	0.00%
risk-free interest rate	8.03%	8.03%	8.03%	8.03%
any other inputs to the model including the method used and the assumptions made to incorporate the effects of expected early exercise.				
- Determination of expected volatility, including explanation to the extent expected volatility was based on historical 'volatility.	NA	NA	NA	NA
- Any other features of the option grant were incorporated into the measurement of the fair value, such as market conditions.	NA	NA	NA	NA

The expected life of the stock is based on historical data and current expectation and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of option is indicative of future trends, which may also not necessarily be the actual outcome.

The Company measures the cost of ESOP using the intrinsic value method. Had the company used the fair value model to determine compensation, its profit after tax and earnings per share as reported would have changed to the amounts indicated below:

29.3 Employee Benefits:

a) Defined benefit plans

₹ Rupees

I Change in Benefit Obligation	Gratuity (unfunded)	
	31 March 2012	31 March 2011
Liability at the beginning of the year	33,336,351	24,385,170
Interest cost	3,230,006	2,337,038
Current service cost	26,872,214	11,882,647
Benefit paid	(722,327)	(303,629)
Actuarial (gain) / loss on obligations	(20,286,044)	(4,964,875)
Liability at the end of the year	42,430,200	33,336,351
II Amount Recognised in the Balance Sheet		
Liability at the end of the year	42,430,200	33,336,351
Fair value of plan assets at the end of the year	-	-
Amount recognised in the balance sheet	42,430,200	33,336,351
III Expenses recognised in the Income Statement		
Current service cost	26,872,214	11,882,647
Interest cost	3,230,006	2,337,038
Expected return on plan assets	-	-
Net actuarial (gain) / loss to be recognised	(20,286,044)	(4,964,875)
Expense recognised in P & L	9,816,176	9,254,810
IV Balance Sheet Reconciliation		
Opening net liability	33,336,351	24,385,170
Expense recognized in the profit and loss account.	9,816,176	9,254,810
Contribution Paid	(722,327)	(303,629)
Amount recognised in balance sheet	42,430,200	33,336,351
V Principal Actuarial Assumptions		
Discount Rate per annum	8.70%	8.37%
Expected rate of return on plan Assets	-	-
Salary Escalation rate per annum	10%	10%
Mortality	Latest compiled Table of LIC (1994-96)	Latest compiled Table of LIC (1994-96)
Employee Turnover rate (Corporate office)	15%	15%
Employee Turnover rate (Showroom)	20%	20%

Estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Experience Adjustments	Gratuity (unfunded)			
	2012	2011	2010	2009
Defined benefit obligation at end of the period	42,430,200	33,336,351	24,385,170	17,999,406
Plan assets at the end of the period		-	-	
Funded status	(42,430,200)	(33,336,351)	(24,385,170)	(17,999,406)
Experience gain / (loss) adjustments on plan liabilities	6,772,063	5,099,962	4,653,041	(2,349,296)
Experience gain / (loss) adjustments on plan assets	-	-	-	-

- B) Compensated absence debited to profit and loss account during the period amounts to ₹ 9,339,729 (31 March 2011: ₹ 10,296,701) and is included in 'Salaries, Wages and Bonus' under notes to financial statements 26 – 'Employee benefits expenses'.
- c) Contribution to Provident fund and Employees State Insurance amounting to ₹ 10,361,389 (31 March 2011: ₹ 9,682,751) and included in 'Contributions to provident and other funds' under notes to financial statements 26 – 'Employee benefit expenses' is a Defined contribution plan.

29.4 Micro, Small and Medium Enterprises

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

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

Particulars	31 March 2012	31 March 2011
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 Operating lease obligations

The Company has recognized the rent expenses in the books of accounts on straight line basis. Rental expenses under operating leases (including cancelable and non – cancelable) aggregating ₹ 107,223,271 (31 March 2011: ₹ 83,907,262) have been included under "Administrative and selling expenses- Rent, rates and taxes" under the notes to financial statement 25 in the Profit and loss account.

The future minimum lease payments in respect of non-cancellable operating leases as at 31 March 2012 are as follows -

₹ Rupees

Particulars	31 March 2012	31 March 2011
Amount due within one year from the balance sheet date	87,031,966	70,837,155
Amount due for the period after one year and before five years	245,407,100	211,436,047
Amount due for the period after five years	99,226,709	74,233,719
Total	431,665,775	356,506,921

29.6 Expenditure in foreign currency

₹ Rupees

Particulars	31 March 2012	31 March 2011
Travelling	3,802,926	1,300,558
Professional fees (IPO expenses)	-	5,150,464
Total	3,802,926	6,451,022

29.7 Value of Imports calculated on CIF basis

₹ Rupees

Particulars	31 March 2012	31 March 2011
Diamond Jewellery	45,001,179	80,630,113
Capital goods	8,404,507	15,049,348

29.8 Earnings in Foreign currency

₹ Rupees

Particulars	31 March 2012	31 March 2011
Exports (on FOB basis)	-	32,898,021

29.9 Information required by Paragraph 3 and 4 of Part II of Schedule VI of Companies Act, 1956. (continued)

Value of imported and indigenous of raw materials consumed and percentage of each to total consumption for year ended 31 March 2012

₹ Rupees

Where of	Percentage		Value	
	2012	2011	2012	2011
Imported	0.39%	1.04%	45,001,179	80,630,113
Indigenously	99.61%	98.96%	11,378,962,143	7,667,395,324
Total	100%	100%	11,423,963,322	7,748,025,437

29.10 Computation of Earning Per Share (EPS)

₹ Rupees

Particulars	31 March 2012	31 March 2011
Profit/(Loss) after Taxation (in total ₹)	571,930,158	394,247,578
Weighted Average Number of Equity Shares	50,000,000	50,000,000
Add: effect of potential issues of options	95,950	95,950
Number of shares considered as weighted average shares and potential shares outstanding	50,095,950	50,095,950
Basic earnings Per Share ₹	11.44	7.88
Diluted earnings Per Share ₹	11.42	7.87

29.11 Segment reporting

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

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

Key Managerial Personnel

- 1 Shrikant G Zaveri
- 2 Binaisha Zaveri
- 3 Raashi Zaveri

Relatives of key managerial personnel

- 1 Bindu S Zaveri
- 2 Kamla G Zaveri

Entities over which Key Managerial personnel and/or their relatives exercise significant influence

- 1 Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited
- 2 Tribhovandas Bhimji Zaveri (TBZ) Private Limited
- 3 T B Zaveri Jewelleries Limited (upto 20 March 2011)
- 4 Super Traditional Metal Crafts (Bombay) Private Limited
- 5 New Transmission & Power Technology Private Limited (upto 16 March 2011)
- 6 Tribhovandas Bhimji Zaveri Trading Co
- 7 Cupid Annibis Jewellery Private Limited
- 8 Shrikant G Zaveri (HUF)
- 9 T.B. Zaveri / A.B Zaveri (Family Benefit Trust)

Subsidiary

- 1 Konfiaance Jewellery Private Limited.
- 2 Tribhovandas Bhimji Zaveri (Bombay) Limited. (formerly Tribhovandas Bhimji Zaveri (Bombay) Private Limited) (w.e.f 4 October 2010)

Notes to the financial statements (Continued)
for the year ended 31 March 2012

29 Notes to Accounts (Continued)

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

Transaction between the Company and related parties and the status of outstanding balances as at 31 March, 2012

₹ Rupees

Nature of transaction	Key Managerial Personnel	Relatives of Key Managerial	Entities over which Key Managerial personnel and/or their relatives exercise significant influence.	Subsidiaries
	Shikant Zaveri	Bindu Zaveri	Tibhovanadas Bhimji Zaveri (Mumbai) Private Limited	Konifance Jewellery Private Limited.
	Binaiisa Zaveri	Kamla Zaveri	Tibhovanadas Bhimji Zaveri (Tibz) Private Limited	Tibhovanadas Bhimji Zaveri (Bombay) Limited (w.e.f. 4 October 2010)
	Raashi Zaveri		Super Traditional Metal Crafts (Bombay) Private Limited	
			Tibhovanada as Bhimji Zaveri Trading Co	
			Cupid Armitis Jewellery Private Limited	
			Shikant G Zaveri (HUF)	
			T.B. Zaveri / A.B. Zaveri (Family Benefit Trust)	
Transaction for the year *				
Purchases				
Making and Melling charges				144,280,257 (92,847,251)
Interest paid	(348,685)			248,889 (341,754)
Remuneration paid	18,900,000 (12,000,000)			6,622 (53,123)
Reimbursements on behalf of Konifance Jewellery Private Limited	94,500,000 (90,000,000)			
Rent received	14,400,000 (5,400,000)			10,800,000 (1,500,000)
Rent paid				
Loan given				
Loan repayment received				
Deposit given	(7,200,000)			
Share application money paid				
Loans taken (non interest bearing)	129,914,758 (221,972,843)			(9,558,000)
Loans taken (interest bearing)	(6,500,000)			
Loan repaid (non interest bearing)	80,251,349 (184,394,660)			(10,207,579)
Loan repaid (interest bearing)				10,207,579
Closing balance **				
Loans payable	74,305,886 (28,369,291)			(9,558,000)
Remuneration payable	46,226,614 (42,499,800)			(10,207,579)
Deposit receivable	7,200,000 (7,200,000)			
Other receivable				
Trade payable				
Investment				
Corporate guarantees given on behalf of the directors	100,000,000 (100,000,000)			215,596 (208,974)
Guarantees***				10,018,000 (9,618,000)

***Guarantees given by the directors, relatives and corporate guaranties of shareholders/companies under the same management within the meaning of section 370(1B) given jointly upto ₹ 200,000,000 (2011: ₹ 200,000,000)

* Amounts pertaining to year ended 31 March 2011 are in bracket below.

** Amounts as at 31 March 2011 are in bracket below.

29.13 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, 2012 is as follows:

Provision for Sales promotion expenses

	31 March 2012	31 March 2011
Opening Balance	7,500,000	3,326,486
Additions (net of utilisations)	13,500,000	4,173,514
Closing Balance	21,000,000	7,500,000

29.14 The Company had entered into a joint venture (JV) agreement with Ms Parinda Bajaj on June 25, 2009. As a part of the agreement one of the Company's brand "Krsala" was transferred to the joint venture partner which in turn was licensed back to the Company. The Company and the JV partner incorporated 'Konfiance Jewellery Private Limited' ('KJPL') to carry on the JV business with an equity participation of 60% by the Company in KJPL. Till the time KJPL commenced its business, the Company continued the business in the said Krsala brand. The Joint venture agreement with Mrs. Parinda Bajaj has been terminated on 22nd June, 2011 and Mrs. Parinda Bajaj's shareholding in Konfiance Jewellery Private Limited has been acquired by the Company. Consequent to the acquisition KJPL has become 100% subsidiary of the Company.

29.15 The Company has recently been announced as the successful bidder in relation to a bid submitted by it for commercial premises at Tulsiani Chambers, Nariman Point, Mumbai for an amount of ₹ 260,000,000. The Company is in the process of negotiating the terms of the purchase and has executed a provisional offer acceptance letter dated January 19, 2012 with the seller. However, the payments mentioned above are subject to, among other things, completion of title due diligence of the premises. In the event the Company decides not to proceed with the above transaction, the seller may forfeit the earnest money deposit of ₹ 500,000 paid by the Company.

27.16 The Company executed a letter of intent dated April 12, 2012 to lease a showroom with a carpet area of 1,230 sq. ft. located in Churchgate, Mumbai and in connection therewith has paid an interest free deposit of ₹ 100,000 to the owner of the premises. The initial period of the lease will be three years, renewable at the Company's option for two further periods of three years. The final lease agreement has not yet been executed. In the event the Company decides not to enter into the final lease agreement, the owner of the premises may not refund the deposit of ₹ 100,000.

27.17 Previous year figures

Till the year ended 31 March 2011, the Company was using pre-Revised Schedule VI to the Companies Act 1956 for preparation and presentation of its financial statements. During the year, ended 31 March 2012, the Revised Schedule VI notified under the Companies Act 1956, has become applicable to the company. The company has reclassified previous year figures to conform to this year's classification.

For B S R and Co

Chartered Accountants

Firm's Registration No: 128510W

Vijay Mathur

Partner

Membership No: 046476

Mumbai

30 May 2012

For and behalf of Board of Directors

Shrikant Zaveri

Chairman and Managing Director

Binaisha Zaveri

Whole Time Director

Prem Hinduja

Chief Financial Officer

Niraj Oza

Company Secretary

Mumbai

30 May 2012

CONSOLIDATED ACCOUNTS

AUDITORS' REPORT

To the Members of
Tribhovandas Bhimji Zaveri Limited

1. We have audited the attached Consolidated balance sheet of Tribhovandas Bhimji Zaveri Limited ('the Company' or 'the Parent Company') and its subsidiaries Konfiaance Jewellery Private Limited and Tribhovandas Bhimji Zaveri (Bombay) Limited (collectively referred to as 'the Group'), as at 31 March 2012 and also the Consolidated statement of profit and loss and the Consolidated cash flow statement for the year ended 31 March 2012, annexed thereto. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements and other financial information of Tribhovandas Bhimji Zaveri (Bombay) Limited. The financial statements of these subsidiaries for the year ended 31 March 2012 have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of the subsidiary is based solely on this report. The attached consolidated financial statements include assets of ₹ 45,824,041 as at 31 March 2012, revenues of ₹ 144,659,352 and cash inflows amounting to ₹ 214,617 in respect of the aforesaid subsidiary for the year then ended.
4. The consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements, notified in the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit as aforesaid, and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated balance sheet, of the state of affairs of the Group as at 31 March 2012;
 - (b) in the case of the Consolidated statement of profit and loss, of the profit of the Group for the year then ended; and
 - (c) in the case of the Consolidated cash flow statement, of the cash flows of the Group for the year then ended.

For BSR and Co
Chartered Accountants
Firm's Registration No: 128510W

Mumbai
30 May 2012

Vijay Mathur
Partner
Membership No: 046476

**CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2012**

₹ Rupees

	Notes	31 March 2012	31 March 2011
EQUITY AND LIABILITIES			
1) Shareholders' funds			
(a) Share capital	3	500,000,000	500,000,000
(b) Reserves and surplus	4	1,099,526,883	569,785,348
		<u>1,599,526,883</u>	<u>1,069,785,348</u>
2) Non-current liabilities			
(a) Long-term borrowings	5	28,950,490	61,768,801
(c) Long-term provisions	6	41,573,550	35,827,544
(d) Minority interest	7	-	4,065,141
		<u>70,524,040</u>	<u>101,661,486</u>
3) Current liabilities			
(a) Short-term borrowings	8	2,009,010,243	2,007,922,955
(b) Trade payables	9	863,927,907	1,090,515,742
(c) Other current liabilities	10	1,074,150,515	714,097,459
(d) Short-term provisions	11	216,766,156	138,624,218
		<u>4,163,854,821</u>	<u>3,951,160,374</u>
		<u>5,833,905,744</u>	<u>5,122,607,208</u>
ASSETS			
1) Non-current assets			
(a) Fixed assets	12		
i) Tangible assets		490,940,630	483,020,697
ii) Intangible assets		19,087,258	24,139,679
iii) Capital work-in-progress		7,064,971	-
		<u>517,092,859</u>	<u>507,160,376</u>
(b) Non-current investments	13	517,575	517,575
(c) Deferred tax assets (net)	14	36,448,441	18,718,293
(d) Long term loans and advances	15	91,408,575	88,343,186
		<u>128,374,591</u>	<u>107,579,054</u>

(2) Current assets			
(a) Inventories	16	5,019,093,798	4,254,441,188
(b) Trade receivables	17	30,898,918	85,129,379
(c) Cash and bank balances	18	64,263,986	91,033,812
(d) Short-term loans and advances	19	30,993,836	47,301,340
(e) Other current assets	20	43,187,756	29,962,059
		<u>5,188,438,294</u>	<u>4,507,867,778</u>
		<u>5,833,905,744</u>	<u>5,122,607,208</u>
Summary of significant accounting policies	2		
The notes referred to above form an integral part of the financial statements			

As per our report of even date attached

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

Vijay Mathur
Partner
Membership No: 046476
Mumbai
30 May 2012

Shrikant Zaveri
Chairman and Managing Director

Prem Hinduja
Chief Financial Officer

For and behalf of Board of Directors

Binaisha Zaveri
Whole Time Director

Niraj Oza
Company Secretary
Mumbai
30 May 2012

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31 MARCH 2012**

₹ Rupees

	Notes	31 March 2012	31 March 2011
INCOME			
I Revenue from operations	21	13,854,699,680	11,939,308,876
II Other income	22	5,423,429	3,936,116
III Total revenue (I+II)		<u>13,860,123,109</u>	<u>11,943,244,992</u>
EXPENSES			
Cost of raw material and components consumed	23	9,574,719,215	8,147,307,871
Purchase of traded goods	24	2,488,664,680	2,776,435,286
Changes in inventories of finished goods and traded goods	25	(783,601,524)	(883,979,819)
Employee benefit expenses	26	495,608,990	422,718,824
Other expenses	27	843,249,325	610,618,726
Depreciation and amortisation expenses	12	55,186,786	45,397,427
Finance costs	28	315,026,543	224,689,723
IV Total expenses		<u>12,988,854,015</u>	<u>11,343,188,038</u>
V Profit before tax		871,269,094	600,056,954
VI Less: Tax expense			
- Current tax		315,110,000	214,833,725
- Deferred tax	14	(17,730,148)	(6,632,847)
- Provision for tax of earlier years		1,455,000	-
Total tax expense		<u>298,834,852</u>	<u>208,200,878</u>
VII Profit for the year (V-VI)		572,434,242	391,856,076
VIII Earnings per equity share (Nominal value of share ₹ 10 (31 March 2011: ₹ 10))	29.15		
(1) Basic		11.45	7.84
(2) Diluted		<u>11.43</u>	<u>7.82</u>

<p>Summary of significant accounting policies The notes referred to above form an integral part of the financial statements</p>	<p>2</p>		
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As per our report of even date attached

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

Vijay Mathur
Partner
Membership No: 046476
Mumbai
30 May 2012

Shrikant Zaveri
Chairman and Managing Director

Prem Hinduja
Chief Financial Officer

For and behalf of Board of Directors

Binaisha Zaveri
Whole Time Director

Niraj Oza
Company Secretary
Mumbai
30 May 2012

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012**

₹ Rupees

		31 March 2012	31 March 2011
A CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before tax		871,269,094	600,056,954
Adjustments for:			
Depreciation and amortisation		55,186,786	42,992,627
Impairment of Goodwill		-	2,404,800
Interest expenditure		315,026,543	224,689,723
Provision for bad debts		1,926,491	3,482,656
Employee stock options outstanding account		2,974,586	10,254,685
Interest income		(4,330,004)	(3,522,479)
Profit on sales of fixed assets		(245,098)	(156,134)
Fixed Assets written-off		4,035,973	926,729
Excess provision written-off		-	(168,776)
Foreign exchange (gain) / loss (net)		(441,409)	577,732
		1,245,402,963	881,538,517
Operating profit before working capital changes			
Movements in working capital			
Increase in long term provisions		5,746,006	9,192,544
Increase in trade payables		(226,587,835)	597,175,190
Increase in other current liabilities		360,053,056	393,767,577
Increase / (decrease) in short term provisions		12,784,406	5,552,156
Decrease in long-term loans and advances		(16,520,759)	(71,660,672)
Increase in Inventories		(764,652,610)	(1,386,503,068)
Decrease / (increase) in trade receivables		52,745,379	(50,521,987)
Increase / (decrease) in short-term loans and advances		17,133,161	40,704,753
Increase in other current assets		(13,225,697)	(29,962,059)
		672,878,070	389,282,951
Cash generated from operations		(287,891,858)	(103,869,607)
Income taxes paid		384,986,212	285,413,344
Net cash generated from operating activities	(A)		

B CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(73,858,594)	(101,897,803)
Sale of fixed assets		4,957,056	810,000
Fixed deposit matured		39,857,522	-
Investment in fixed deposit		(34,131,482)	(7,401,407)
Purchase of investment in subsidiaries (net of cash acquired)		(426,940)	(18,998,765)
Interest received		4,330,004	3,522,479
Net cash utilized in investing activities	(B)	(59,272,434)	(123,965,496)
C CASH FLOW FROM FINANCING ACTIVITIES			
(Repayment) / proceeds from long-term borrowings		(32,818,311)	18,828,805
(Repayment) / proceeds from short-term borrowings		1,087,288	68,903,773
Contribution of share capital by the minority		-	360,000
Interest paid		(315,026,543)	(224,689,723)
Net cash Utilized in financing activities	(C)	(346,757,566)	(136,597,145)
Net increase in cash and cash equivalents	(A+B+C)	(21,043,788)	24,850,702
Cash and cash equivalent at beginning of year		53,632,405	28,781,704
Cash and cash equivalent at end of year		<u>32,588,617</u>	<u>53,632,406</u>
Cash and cash equivalents of closing balance comprise of:			
Cash and cash equivalents (Note 18)		<u>32,588,619</u>	<u>53,632,406</u>

Notes:

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

Summary of significant accounting policies

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

As per our report of even date attached

For **B S R and Co**

Chartered Accountants

Firm's Registration No: 128510W

Vijay Mathur

Partner

Membership No: 046476

Mumbai

30 May 2012

Shrikant Zaveri

Chairman and Managing Director

Prem Hinduja

Chief Financial Officer

For and behalf of Board of Directors

Binaisha Zaveri

Whole Time Director

Niraj Oza

Company Secretary

Mumbai

30 May 2012

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

1 Background

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 14 showrooms located across India. The Company has two subsidiaries namely "Konfiance Jewellery Private Limited" ("KJPL") and "Tribhovandas Bhimji Zaveri (Bombay) Limited" (TBZBL). The company had held 60,000 shares in KJPL and 5,014 shares in TBZBL. The Company acquired 6 shares of TBZBL on 13 June 2011 and 40,000 shares of KJPL on 22 June 2011. Post acquisition, KJPL and TBZBL has become wholly owned subsidiaries of the Company.

The company successfully completed its Initial Public Offer of ₹ 2,000 Million by for fresh issue of 16,666,667 shares. The shares of face value of ₹ 10 each had a Price Band between ₹ 120 to ₹ 126 per share. The issue price was fixed at ₹ 120 per share. The shares got listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited on 9th May 2012.

2 Significant Accounting Policies

2.1 Basis of Preparation of financial statements

The financial statements 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 Fixed assets and depreciation / amortisation

Tangible assets

Fixed assets are stated at cost of acquisition less accumulated depreciation / amortization and impairment. Cost includes purchase price and other cost attributable to acquisition and installation of the assets.

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.

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

Intangible 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.

2.4 Impairment of assets

In accordance with AS 28-'Impairment of Assets', where there is an indication of impairment of the group's asset, the carrying amounts of the group's material asset generating units are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of the asset (or where applicable, that of the cash generating unit which the asset belongs) is estimated as the higher of its net selling price and its value in use.

An impairment loss is recognized whenever the carrying amount of an asset or a cash generating unit exceeds its recoverable amount. An impairment loss is recognised in the profit and loss account.

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

2.5 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 account and is not subsequently reversed.

2.6 Investments

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

2.7 Inventories

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

- i) in case of gold, loose diamond, silver, zaverat, platinum and platinum diamond jewellery at weighted average costs; and
- ii) in case of diamond jewellery, jadau jewellery, stones, pearls and watches, at specific cost.
- iii) Cost of consumables are computed on First-in-first-out basis.

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

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

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

2.8 Revenue recognition

Revenue from sale of goods is recognised on transfer of all significant risk and rewards of ownership to buyer (net of sales tax, sales return and trade discount).

- Interest income is recognized on a time proportion basis.
- Dividend income is recognised when the right to receive payment is established.

2.9 Foreign Currency Transactions

Foreign currency 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 profit and loss account 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 profit and loss account.

2.10 Employee benefits

Provident fund and Employees State Insurance

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

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 profit and loss account.

Gratuity

The Group's gratuity benefit scheme is an unfunded defined benefit plan. The Group'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 profit and loss account.

2.11 Leases

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

2.12 Taxation

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). The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially 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 carry forward of losses, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. 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.

2.13 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.

2.14 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 (CONTINUED)
AS AT 31 MARCH 2012

₹ Rupees

3 Share capital		
	31 March 2012	31 March 2011
Authorised Shares		
75,000,000 (31 March 2011: ₹ 75,000,000) equity shares of ₹ 10 each	750,000,000	200,000,000
Increased during the year/period	-	550,000,000
Closing balance of equity shares	750,000,000	750,000,000
Issued, subscribed and fully paid up		
50,000,000 (31 March 2011: ₹ 50,000,000) equity shares of ₹ 10 each	500,000,000	500,000,000
Total issued, subscribed and fully paid up share capital	500,000,000	500,000,000

Note :

a Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the company, please refer note 29.4.

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

	31 March 2012		31 March 2011	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
At the beginning of the period	50,000,000	500,000,000	10,000,000	100,000,000
Issued during the period - Bonus issue	-	-	40,000,000	400,000,000
Issued during the period - ESOP	-	-	-	-
Outstanding at the end of the period	50,000,000	500,000,000	50,000,000	500,000,000

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 2012	31 March 2011
Equity shares allotted as fully paid bonus shares by capitalization of security premium	48,800,000	48,800,000
Equity shares allotted as fully paid-up pursuant to contracts for consideration other than cash.	-	-
Equity shares bought back by the company	-	-

₹ Rupees

d Details of shareholders holding more than 5% shares in the company	31 March 2012		31 March 2011	
	% holding in class	No. of Shares	% holding in class	No. of Shares
Equit shares of Rs. 10 each fully paid				
Shrikant Zaveri	66.78%	33,392,275	73.48%	36,742,275
Binaisha Zaveri	10.57%	5,285,000	10.57%	5,285,000
Raashi Zaveri	9.15%	4,572,500	9.15%	4,572,500
Bindu Zaveri	7.00%	3,500,000		-

e Terms / rights attached to equity shares

The Company has only one class of equity shares having at par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per shares is entitled to one vote per share. The Company declares dividends in Indian rupees. The Company declares and pays dividends in Indian rupees. The dividend which is proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

₹ Rupees

4 Reserves and surplus	31 March 2012	31 March 2011
i) Securities premium account		
Balance as per the last financial statement	-	340,000,000
Add: Additions during the period / year	-	-
Less: Amounts utilized towards issue of fully paid bonus shares	-	(340,000,000)
Closing balance	-	-
ii) Employee stock options outstanding account*		
Gross employee stock options granted in earlier years	10,254,685	-
Add: Additions on options exercised	2,974,586	10,254,685
Closing balance	13,229,271	10,254,685
iii) Capital reserves		
Balance as per the last financial statement	-	-
Add: Capital reserves on consolidation of subsidiary company	3,695,503	-
Closing balance	3,695,503	-
iv) Surplus / (deficit) in profit and loss		
Balance as per the last financials statements	559,530,663	226,372,741
Profit for the year	572,434,242	391,856,076
Add: Excess Provision pertaining to earlier years	8,797,147	1,358,568

Utilised for issue of bonus	-	(60,000,000)
Share of minority interest	(48,693)	(97,341)
Previous year adjustments of minority interest	-	40,619
Less: Appropriations		
Proposed equity dividend [amount ₹ 0.75 per share (31 March 2011: ₹ Nil per share)]	(50,000,000)	-
Tax on proposed equity dividend	(8,111,250)	-
Net surplus in the statement of profit and loss	<u>1,082,602,109</u>	<u>559,530,663</u>
Total reserves and surplus	<u>1,099,526,883</u>	<u>569,785,348</u>

*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.

₹ Rupees

5 Long term borrowings	31 March 2012	31 March 2011
- Secured		
Term loans		
from banks		
- HDFC term loan*	22,342,237	26,425,811
- State Bank of India term loan**	-	28,092,838
- Dena Bank Term Loan***	2,247,005	5,208,929
- State Bank of India vehicle loan#	952,999	-
- HDFC vehicle loan#	1,422,348	-
from financial institutions		
-BMW Financial Services ^	1,985,901	2,041,223
	<u>28,950,490</u>	<u>61,768,801</u>

*The term loan from bank carries interest @ 13.50% p.a. The loan is repayable in 12 yearly installments of ₹ 690,957 each alongwith interest, from the date of loan, viz., 19 June 2008. The loan is secured by hypothecation of exclusive charge on the properties situated at Punjugutta (Hyderabad) of the company pertaining to retail division. Further, the loan has been guaranteed by the personal guarantee of the managing director of the company.

**The term loan from bank carries interest @ 15.75% p.a. The loan is repayable in 12 yearly installments of ₹ 3,100,000 each alongwith interest, from the date of loan, viz., 29 April 2008. The loan is secured by hypothecation of exclusive charge on the properties situated at Charkop and hypothecation of fixed assets to be purchased at the Kandivali factory. Pari passu charge by way of hypothecation of raw materials, finished goods, and receivables including current assets. Further, the loan has been guaranteed by the personal guarantee of the directors of the company.

***The term loan from carries interest @ 14.75% p.a. The loan is repayable in 78 equal monthly installments of ₹ 206,794 starting after 6 months of disbursal of loan. The loan is secured by way of registered mortgage of premises and furniture

and fixtures to be acquired. Further, the loan has been guaranteed by the personal guarantee of the managing director of the company.

#The vehicle loan from HDFC bank carries interest @ 10.75% p.a and 9.75% p.a. The loan is repayable in 36 monthly installments of ₹ 79,503 and ₹ 29,744 respectively each alongwith interest, from the date of loan, viz., 7 April 2011 and 7 November 2011 respectively. The loan is secured by hypothecation of vehicle.

#The vehicle loan from State Bank of India carries interest @ 11.25% p.a. The loan is repayable in 60 monthly installments of ₹ 26,250 each alongwith interest, from the date of loan, viz., 20 December 2012. The loan is secured by hypothecation of vehicle.

^ The vehicle loan from BMW Financial services bank carries interest @ 10.75% p.a and 8.69% p.a. The loan is repayable in 36 monthly installments of ₹ 110,000 and ₹ 92,789 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.

₹ Rupees

6 Long term provisions			
		31 March 2012	31 March 2011
i) Provision for employee benefits			
Provision for gratuity		34,561,268	28,883,244
Provision for leave benefits		7,012,282	6,944,300
		41,573,550	35,827,544
7 Minority interest			
		31 March 2012	31 March 2011
Minority interest		-	4,065,141
		-	4,065,141
8 Short term borrowings			
		31 March 2012	31 March 2011
i) Secured			
- Loans repayable on demand			
- from banks			
HDFC bank working capital demand loan ^		400,000,000	400,000,000
- Cash Credit from banks			
State Bank of India#		1,405,273,323	90,545,514
HDFC Bank Limited*		81,367,449	1,422,201,931
		1,886,640,772	1,912,747,445

₹ Rupees

ii) Unsecured Loan		
Interest free loans and advances from related parties		
- From directors	94,329,851	67,158,122
- From associates	28,039,620	28,017,388
	<u>122,369,471</u>	<u>95,175,510</u>
	<u>2,009,010,243</u>	<u>2,007,922,955</u>

^ The loan is repayable on demand and bullet repayment on maturity date and interest carries @ 13.50% p.a. The loan is secured by hypothecation of exclusive charge on the raw materials, finished goods, receivables, entire fixed assets of the company, and other current assets located at Zaveri Bazar, and Santacruz showroom. Further, the loan has been guaranteed by the personal guarantee of the directors of the Company.

#The cash credit from bank carries interest @ 14.75% p.a. The loan is repayable on demand from the date of loan, viz., 22 March 2011. The loan is secured by hypothecation of exclusive charge on raw materials, finished goods, receivables, entire fixed assets of the company, and other current assets located at Zaveri Bazar alongwith collateral security of Zaveri Bazar, and Surat property and Charkop factory, and fixed deposits of ₹ 30,000,000. Further, the loan has been guaranteed by the personal guarantee of the directors of the company.

*The cash credit from bank carries interest @ 14% p.a. The loan is repayable on demand from the date of loan, viz., 1 March 2011. The loan is secured by hypothecation of exclusive charge on raw materials, finished goods, receivables, entire fixed assets of the company, and other current assets located at Zaveri Bazar, and Santacruz showroom. Further, the loan has been guaranteed by the personal guarantee of the directors of the company.

₹ Rupees

9 Trade payables		
	31 March 2012	31 March 2011
Due to		
- Micro, Small and Medium Enterprises (refer note 29.5)	-	-
- other than Micro, Small and Medium Enterprises		
- due to related parties	-	-
- due to others	863,927,907	1,090,515,742
	<u>863,927,907</u>	<u>1,090,515,742</u>
10 Other current liabilities		
	31 March 2012	31 March 2011
Advance from customers	818,500,308	501,936,176
Statutory liabilities	40,628,461	50,047,936
Current maturities of long term debts	36,668,833	46,841,765
Current maturities of financial lease obligation	3,424,713	1,567,123
Interest accrued but not due on borrowings	5,296,933	3,906,849
Others		

- Book overdraft	-	4,932,994
- Capital creditors	29,349	3,737,336
- Provision for sales and distribution expenses (refer note 29.14)	21,000,000	7,500,000
- Provision for rent equalization	21,787,345	18,133,572
- Provision for expenses	23,606,681	1,556,143
- Provision for managerial remuneration	56,996,960	43,737,857
- Provision for personnel expenses	40,414,695	30,199,708
- Provision for capital expenditure	5,796,237	-
	<u>1,074,150,515</u>	<u>714,097,459</u>
11 Short term provisions		
	31 March 2012	31 March 2011
i) Provision for employee benefits		
- Provision for gratuity	10,914,945	7,851,076
- Provision for leave benefits	21,491,430	11,770,893
ii) Others		
- Proposed equity dividend	50,000,000	-
- Tax on proposed equity dividend	8,111,250	-
- Provision for taxation (net of advance tax ₹ 453,872,069 (31 March 2011 ₹ 299,690,053))	126,248,531	119,002,249
	<u>216,766,156</u>	<u>138,624,218</u>

Consolidated notes to the financial statements (Continued)
as at 31 March 2012

12 Fixed assets

₹ Rupees

DESCRIPTION OF ASSETS	Gross block				Depreciation / Amortisation				Net block	
	As at	Additions during the period	Deletion/ adjustment during the period	As at	For 1 April 2011 to 31 March 2012	Impairment of goodwill	Deletion/ adjustment during the period	As at	As at	
	1 April 2011	31 March 2012	31 March 2012	1 April 2011	31 March 2012	31 March 2012	31 March 2012	31 March 2012	31 March 2011	31 March 2012
Tangible assets										
Land owned	144,371,540	-	-	-	-	-	-	-	-	144,371,540
Buildings - factory	197,165,660	9,854,782	-	20,940,545	12,175,710	-	-	33,116,255	176,225,115	173,904,187
Lease hold improvements	42,422,329	5,689,138	3,961,921	12,316,445	5,115,566	-	1,537,599	15,894,412	30,105,884	28,255,134
Plant and equipment	71,309,144	25,179,211	896,490	20,577,653	8,994,333	-	470,789	29,101,197	50,731,491	66,490,668
Furniture and fixtures	90,067,185	6,572,114	8,588,655	35,796,314	10,322,634	-	4,411,607	41,707,341	54,270,871	46,343,303
Vehicles	27,775,288	6,719,704	5,063,741	11,828,917	4,903,633	-	3,407,855	13,324,695	15,946,371	16,106,556
Computers	24,900,972	11,971,760	322,445	13,531,547	7,806,966	-	257,469	21,081,044	11,369,425	15,469,242
Sub Total	598,012,118	65,986,709	18,833,252	114,991,421	49,318,842	-	10,085,319	154,224,944	483,020,697	490,940,630
Intangible assets										
Computer software	28,654,197	806,914	-	4,514,318	5,859,335	-	-	10,373,853	24,139,679	19,087,258
Goodwill	4,350,463	8,609	-	4,350,463	-	8,609	-	4,359,072	-	-
Sub Total	33,004,660	815,523	-	8,864,981	5,859,335	8,609	-	14,732,925	24,139,679	19,087,258
Total	631,016,778	73,867,203	18,833,252	123,856,402	55,178,177	8,609	10,085,319	168,957,869	517,092,859	507,160,376
Previous year	470,657,106	134,502,556	3,751,260	69,577,167	42,992,627	2,404,800	2,170,665	123,856,406	507,160,375	507,160,375

₹ Rupees

13 Non current investments		
	31 March 2012	31 March 2011
Non-trade investments (valued at cost unless stated otherwise)		
- Investments in equity instruments (quoted)		
17,300 (31 March 2011: ₹ 17,300) equity shares of ₹ 10 each, fully paid up of		
Dena Bank	506,025	506,025
- Investments in equity instruments (unquoted)		
1,150 (31 March 2011: ₹ 1,150) equity shares of ₹ 10 each, fully paid up of		
Saraswat Co-operative Bank Limited	11,550	11,550
	517,575	517,575
Aggregate amount of quoted investment (Market Value ₹ 1,557,000, 31 March 2011; ₹ 1,803,525)	506,025	506,025
Aggregate amount of unquoted investment	11,550	11,550
14 Deferred tax assets (net)		
	31 March 2012	31 March 2011
Arising on account of timing difference in		
Deferred tax liability		
-Impact of difference between tax depreciation and depreciation charged for the financial reporting period	(10,007,803)	(8,559,296)
Gross deferred tax liability	(10,007,803)	(8,559,296)
Deferred tax assets		
- Provision for gratuity, leave encashment	30,368,092	16,672,852
- Provision for sales promotion	6,930,000	2,549,250
- Provision for doubtful debts	1,808,901	1,891,886
- Provision for lease rent equalisation	7,349,251	6,163,601
Gross deferred tax assets	46,456,244	27,277,589
Net deferred tax assets	36,448,441	18,718,293
Net changes in deferred tax assets	17,730,148	6,632,847

₹ Rupees

15 Long term loans and advances		
	31 March 2012	31 March 2011
- Capital Advances Unsecured, considered good	11,268,379	2,893,410
- Deposits Unsecured, considered good	64,851,899	56,706,109
- Other loans and advances Advance tax (net of provision for taxation)	15,288,297	28,743,667
	<u>91,408,575</u>	<u>88,343,186</u>
16 Inventories (valued at lower of cost and Net Realisable Value)		
	31 March 2012	31 March 2011
Raw material	519,557,599	538,517,777
Finished goods	4,499,466,740	3,715,865,215
Consumables	69,459	58,196
	<u>5,019,093,798</u>	<u>4,254,441,188</u>
17 Trade receivables		
	31 March 2012	31 March 2011
(Unsecured, considered good unless stated otherwise)		
Outstanding for a period exceeding six months from the date they are due for payment		
-Secured, considered good	1,311,537	-
-Unsecured, considered good	21,152,164	7,391,802
-Doubtful	5,374,757	3,482,656
	<u>27,838,458</u>	<u>10,874,458</u>
Provision for doubtful receivables	(5,374,757)	(3,482,656)
Other debts		
-Unsecured, considered good	8,435,217	77,737,577
-Doubtful	-	-
Provision for doubtful receivables	-	-
Total	<u>30,898,918</u>	<u>85,129,379</u>

₹ Rupees

18 Cash and bank balances		
	31 March 2012	31 March 2011
Cash and cash equivalents		
Balances with banks		
- on current accounts	27,340,909	41,686,380
Cash on hand	5,247,710	11,946,025
Other bank balances		
- deposits with original maturity for more than 3 months but less than 12 months*	31,675,367	37,401,407
*Deposits with a carrying amount of ₹ 30,000,000 (31 March 2011: ₹ 30,000,000) are subject to first charge to secure the Company's cash credit loans.		
	<u>64,263,986</u>	<u>91,033,812</u>
19 Short term loans and advances		
	31 March 2012	31 March 2011
- Other loans and advances		
- Advance tax (net of provision for taxation)	1,232,901	407,244
- Advance to suppliers	15,198,260	34,324,624
- Advances to others	2,045,461	2,600,041
- Prepaid expenses	8,354,300	8,419,029
- Balance with government authorities	4,162,914	1,550,402
	<u>30,993,836</u>	<u>47,301,340</u>
20 Other current assets		
	31 March 2012	31 March 2011
Unsecured, considered good unless stated otherwise		
- Others		
IPO expenses carried forward to be adjusted against securities premium	43,187,756	29,962,059
	<u>43,187,756</u>	<u>29,962,059</u>

₹ Rupees

21 Revenue from operations		
	31 March 2012	31 March 2011
i) Sale of products		
- Finished goods		
-Gold	8,351,219,409	8,657,327,843
Diamond	2,630,167,963	2,636,575,215
-Others	-	645,271,887
Total finished goods	<u>10,981,387,372</u>	<u>11,939,174,945</u>
- Traded goods		
-Gold	1,666,433,361	-
-Diamond	877,163,693	-
-Others	278,947,860	-
Total traded goods	<u>2,822,544,914</u>	<u>-</u>
ii) Other operating revenue		
Other income	50,767,394	133,931
Revenue from operations (net)	<u>13,854,699,680</u>	<u>11,939,308,876</u>
22 Other income	31 March 2012	31 March 2011
Interest income on		
- Bank deposits	3,217,314	3,514,794
- Income Tax Refund	1,112,690	-
- Loan to related party	8,756	7,685
Net gain sale of fixed assets	245,098	156,134
Foreign exchange gain (net)	441,409	-
Other non operating income	350,862	222,903
Dividend Income	47,300	34,600
	<u>5,423,429</u>	<u>3,936,116</u>

₹ Rupees

23 Cost of raw material and components consumed		
	31 March 2012	31 March 2011
Inventory at the beginning of the year	538,517,777	36,106,456
Add: Purchases	9,555,759,037	8,649,719,192
	<u>10,094,276,814</u>	<u>8,685,825,648</u>
Less: Inventory at the end of the year	(519,557,599)	(538,517,777)
Cost of raw material and components consumed	<u>9,574,719,215</u>	<u>8,147,307,871</u>
Details of raw material and components consumed		
- Gold	8,095,878,952	6,680,870,140
- Diamond	1,418,060,460	964,571,170
- Others	60,779,803	501,866,561
	<u>9,574,719,215</u>	<u>8,147,307,871</u>
Details of inventory		
Raw material and components		
- Gold	267,169,233	538,517,777
- Diamond	252,388,366	-
- Others	-	-
	<u>519,557,599</u>	<u>538,517,777</u>
24 Purchase of traded goods	31 March 2012	31 March 2011
- Gold	1,431,672,017	1,488,304,327
- Diamond	966,478,468	1,165,065,123
- Others	90,514,195	123,065,836
	<u>2,488,664,680</u>	<u>2,776,435,286</u>

₹ Rupees

25 Changes in inventories of finished goods and traded goods		
	31 March 2012	31 March 2011
Opening inventory		
- Finished goods and traded goods	3,715,865,216	2,831,885,397
	<u>3,715,865,216</u>	<u>2,831,885,397</u>
Closing inventory		
- Finished goods and traded goods	4,499,466,740	3,715,865,216
	<u>4,499,466,740</u>	<u>3,715,865,216</u>
Increase in stock	<u>(783,601,524)</u>	<u>(883,979,819)</u>
Details of inventory		
Finished goods		
- Gold	2,903,348,620	2,305,654,164
- Diamond	1,447,764,687	1,165,545,904
- Others	148,353,433	244,665,148
	<u>4,499,466,740</u>	<u>3,715,865,216</u>
26 Employee benefit expenses		
	31 March 2012	31 March 2011
Salaries, wages and bonus	446,417,248	381,882,746
Contribution to provident and other funds		-
- Provident fund	7,498,784	6,685,683
- Other fund	11,219,311	5,761,722
Expense on employee stock option scheme (refer note 29.4)	2,974,586	10,254,685
Staff welfare expenses	17,052,788	8,451,036
Gratuity fund (refer note 29.6)	10,446,273	9,682,952
	<u>495,608,990</u>	<u>422,718,824</u>

₹ Rupees

27 Other expenses	₹ Rupees	
	31 March 2012	31 March 2011
Power and fuel	23,968,542	21,932,112
Water charges	1,064,566	-
Boxes and packing materials	16,601,052	9,763,382
Repairs and maintenance to machinery	16,593,757	-
Machinery Rent	-	-
Job charges	40,867,865	-
Stores and spares consumed	44,512,957	-
Advertisement and sales promotion	331,331,200	302,994,098
Freight and forwarding charges	7,380,538	-
Commission and service charges	792,630	-
Insurance	4,870,120	3,815,779
Travelling and conveyance expenses	18,008,688	14,987,469
Rent	108,420,123	84,039,391
Rates and taxes	79,054,107	42,475,407
Repairs and maintenance to others	10,603,723	9,324,987
Legal and professional charges	73,483,550	30,074,884
Postage, telegrams and telephone charges	14,534,811	12,276,346
Printing and stationery	4,901,770	6,049,371
Payment to auditors:		
- Statutory audit	3,595,620	1,927,656
- Out of pocket expenses	128,582	178,774
Vehicle expenses	2,727,144	-
Miscellaneous expenses	20,458,672	41,676,071
Bank charges	10,757,652	24,115,882
Assets written off	4,035,973	926,729
Provision for doubtful debts	1,926,491	3,482,656
Bad debts	39,192	-
Directors sitting fees	340,000	577,732
Commission to directors	2,250,000	-
	<u>843,249,325</u>	<u>610,618,726</u>
28 Finance costs	31 March 2012	31 March 2011
Interest expenses	290,752,078	222,443,263
Other borrowing costs	24,274,465	2,246,460
	<u>315,026,543</u>	<u>224,689,723</u>

29 Notes to Accounts

29.1 Capital commitments and Contingent liabilities

Contracts remaining to be executed on capital account and not provided for as at 31 March 2012 is ₹ Nil (31 March 2011: ₹ NIL) (net of advances).

Contingent Liabilities

Guarantees given on behalf of the directors in respect of loans taken by them is ₹ 140,000,000 (31 March 2011: ₹ 140,000,000)

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 ₹ 4,979,320 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.

29.2 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 2012	Accounting period
Konfiaance Jewellery Private Limited	India	100.00%	1 April 2011 - 31 March 2012
Tribhovandas Bhimji Zaveri (Bombay) Limited	India	100.00%	1 April 2011 - 31 March 2012

29.3 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. 29.2 have been considered for the purpose of consolidation.
- (ii) The financial statements of the parent company and its subsidiaries as described in note no. 29.2 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 profit and loss account from the effective date of acquisition or upto the effective date of disposal, as appropriate. All significant intra group balances and transactions have been eliminated on consolidation. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post – acquisition increase in the relevant reserves of the subsidiary.
- (iii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the parent company's financial statements.

29.4 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%

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

Period within which options will vest unto the participant	% of options that will vest
End of 12 months from the date of grant of options*	66%
End of 36 months from the date of grant of options*	34%
*grant date or date of listing whichever is later	

Maximum term of options granted (In years)

3.65

Method of settlement

Equity settled

29.4 Employee stock option activity under Scheme 2011 is as follows:

1) Options

Particulars	31 March 2012	31 March 2011
Outstanding at beginning of the year	111,309	Nil
Granted during the year	Nil	111,309
Forfeited during the year	Nil	Nil
Exercised during the year	Nil	Nil
Outstanding at the end of the year	111,309	111,309
Vested and exercisable at the end of the year	Nil	Nil

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

The total charge to the profit and loss account on account of Options is ₹ 218,599 (31 March 2011 ₹ 400,361)

The total carrying amount as at 31 March 2012 on account of Options is ₹ 618,960 (31 March 2011: ₹ 400,361)

2) Restricted Stock Units (RSUs).

₹ Rupees

Particulars	31 March 2012	31 March 2011
Outstanding at beginning of the year	97,124	Nil
Granted during the year	Nil	97,124
Forfeited during the year	Nil	Nil
Exercised during the year	Nil	Nil
Outstanding at the end of the year	97,124	97,124
Vested and exercisable at the end of the year	Nil	Nil

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

The total charge to the profit and loss account on account of RSU is ₹ 2,755,989 (31 March 2011 - ₹ 9,854,324)

The total carrying amount as at 31 December 2011 on account of RSU is ₹ 12,610,313 (31 March 2011: ₹ 9,854,324)

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 2012	31 March 2011
Net Income as reported	572,434,242	391,856,076
Add: Intrinsic Value Compensation Cost	2,974,586	10,254,685
Less: Fair Value Compensation Cost	8,866,711	1,889,627
Adjusted Proforma Income	566,542,117	400,221,135
Earning Per Share: Basic		
As Reported	11.45	7.84
Adjusted Pro Forma	11.33	8.00
Earning Per Share: Diluted		
As Reported	11.43	7.83
Adjusted Pro Forma	11.31	7.99

29.4 Employee Stock Option Plan (Continued)

Particulars	31 March 2012		31 March 2011	
	Options	RSUs	Options	RSUs
The key assumptions used to estimate the fair value of options are : - The weighted average fair value of those options at the grant date - Option pricing model used	34.28 Black Scholes	148.71	34.28 Black Scholes	148.71
- Inputs to that model including - weighted average share price ₹	157	157	157	157
exercise price ₹	149.93	10	149.93	10
expected volatility	0.00%	0.00%	0.00%	0.00%
option life (comprising vesting period + exercise period)	2.62	2.46	2.62	2.46
expected dividends	0.00%	0.00%	0.00%	0.00%
risk-free interest rate	8.03%	8.03%	8.03%	8.03%
any other inputs to the model including the method used and the assumptions made to incorporate the effects of expected early exercise.				
- Determination of expected volatility, including explanation to the extent expected volatility was based on historical 'volatility.	NA	NA	NA	NA
- Any other features of the option grant were incorporated into the measurement of the fair value, such as market conditions.	NA	NA	NA	NA

29.5 Micro, Small and Medium Enterprises Dues:

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

On the basis of the information and records available with management, during the year there is no transaction with Micro, Small and Medium enterprises, who have registered with the competent authorities.

Particulars	31 March 2012	31 March 2011
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	-	-

29.6 Employee Benefits:

a) Defined benefit plans

	Gratuity (unfunded)	
	Year ended 31 March 2012	Year ended 31 March 2011
I Change in Benefit Obligation		
Liability at the beginning of the year	36,734,320	24,385,170
Liability of subsidiary prior to acquisition of its shares	-	2,665,529
Interest cost	3,531,356	2,561,209
Current service cost	28,708,499	12,274,697
Benefit paid	(847,599)	(349,331)
Actuarial (gain) / loss on obligations	(22,650,363)	(4,802,954)
Liability at the end of the year	45,476,213	36,734,320
II Amount Recognised in the Balance Sheet		
Liability at the end of the year	45,476,213	36,734,320
Fair value of plan assets at the end of the year	-	-
Amount recognised in the balance sheet	45,476,213	36,734,320
III Expenses recognised in the Income Statement		
Current service cost	28,708,499	12,274,697
Interest cost	3,531,356	2,561,209
Expected return on plan assets	-	-
Net actuarial (gain) / loss to be recognised	(22,650,363)	(4,802,954)
Expenses of the subsidiary prior to acquisition of its shares	-	(350,000)
Expense recognised in P & L	9,589,492	9,682,952
IV Balance Sheet Reconciliation		
Opening net liability	36,734,320	24,385,170
Liability of subsidiary prior to acquisition of its shares	-	2,665,529
Expense recognized in the profit and loss account	9,589,492	10,032,952
Contribution Paid	(847,599)	(349,331)
Amount recognised in balance sheet	45,476,213	36,734,320
V Principal Actuarial Assumptions		
Discount Rate per annum	8.70%	8.37%
Expected rate of return on plan Assets	-	-
Salary Escalation rate per annum	10%	10%
Mortality	Latest compiled Table of LIC (1994-96)	Latest compiled Table of LIC (1994-96)
Employee Turnover rate (Factory office)	20.92%	20.92%
Employee Turnover rate (Corporate office)	15%	15%
Employee Turnover rate (Showroom)	20%	20%

Estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

₹ Rupees

Experience Adjustments	Gratuity (unfunded)			
	2012	2011	2010	2009
Defined benefit obligation at end of the period	45,476,213	36,734,320	27,050,699	17,999,406
Plan assets at the end of the period	-	-	-	-
Funded status	(45,476,213)	(36,734,320)	(27,050,699)	(17,999,406)
Experience gain / (loss) adjustments on plan liabilities	7,301,694	4,856,306	4,673,121	(2,349,296)
Experience gain / (loss) adjustments on plan assets	-	-	-	-

29.6 Employee Benefits (Continued):

- b) Compensated absence debited to profit and loss account during the period amounts to ₹ 7,959,899 (31 March 2011: ₹ 11,402,566) and is included in 'Salaries, Wages and Bonus' under notes to financials statements 26 – 'Employee Benefit Expenses'.
- c) Contribution to Provident and Employees State Insurance amounting to ₹ 12,295,469 (31 March 2011: ₹ 11,035,084) and included in 'Contributions to provident and other funds' under notes to financials statements 26 – 'Employee Benefit Expenses' is a Defined contribution plan.

29.7 The Company has increased its authorized share capital to ₹ 750,000,000 consisting of 75,000,000 shares of ₹ 10 in the Annual General Meeting held on 30 September 2010

In the Annual General Meeting held on 30 September 2010, the Company had approved issue of fully paid bonus shares in the proportion of 4 equity shares for every 1 equity share held as on 30 September 2010. Accordingly 40,000,000 bonus shares of ₹ 10 each fully paid have been issued by capitalization of securities premium and profit and loss account aggregating ₹ 400,000,000 on 7 October 2010.

29.8 During the previous year, the Board had approved the purchase of 5019 equity shares of ₹ 100 each of Tribhovandas Bhimji Zaveri (Bombay) Limited (formerly Tribhovandas Bhimji Zaveri (Bombay) Private Limited) at a price of ₹ 4,030 per share amounting to ₹ 20,226,570. Consequent to the investment, Tribhovandas Bhimji Zaveri (Bombay) Limited (formerly Tribhovandas Bhimji Zaveri (Bombay) Private Limited) became the subsidiary of the Company w.e.f. 4 October 2010. Subsequently, the Company had sold 5 shares at its cost of acquisition. On 13 June 2011, the Company has purchased 6 shares at ₹ 4,490 per share for ₹ 26,940, consequent to the purchase Tribhovandas Bhimji Zaveri (Bombay) Limited (formerly Tribhovandas Bhimji Zaveri (Bombay) Private Limited) became 100% subsidiary of the Company.

29.9 The Company had entered into a joint venture (JV) agreement with Ms Parinda Bajaj on June 25, 2009. As a part of the agreement one of the Company's brand "Krsala" was transferred to the joint venture partner which in turn was licensed back to the Company. The Company and the JV partner incorporated 'Konfiaance Jewellery Private Limited' ('KJPL') to carry on the JV business with an equity participation of 60% by the Company in KJPL. Till the time KJPL commenced its business, the Company continued the business in the said Krsala brand. The Joint venture agreement with Mrs. Parinda Bajaj has been terminated on 22nd June, 2011 and Mrs. Parinda Bajaj's shareholding in Konfiaance Jewellery Private Limited has been acquired by the Company. Consequent to the acquisition KJPL has become 100% subsidiary of the Company.

29.10 Operating lease obligations

The Group has recognized the rent expenses in the books of accounts on straight line basis. Rental expenses under operating leases (including cancelable and non – cancelable) aggregating ₹ 108,420,123 (2011 : ₹ 84,027,262) have been included under “Administrative and selling expenses- Rent, rates and taxes” under the Schedule 27 in the Profit and loss account.

The future minimum lease payments in respect of non-cancellable operating leases as at 31 March 2012 are as follows -

₹ Rupees

Particulars	31 March 2012	31 March 2011
Amount due within one year from the balance sheet date	87,031,966	70,837,155
Amount due for the period after one year and before five years	245,407,100	211,436,047
Amount due for the period after five years	99,226,709	74,233,719
Total	431,665,775	356,506,921

29.11 Earnings in Foreign currency

Particulars	31 March 2012	31 March 2011
Travelling	4,022,130	1,714,173
Professional fees (IPO expenses)	-	5,150,464
Total	4,022,130	6,864,637

29.12 Value of Imports calculated on CIF basis

Particulars	31 March 2012	31 March 2011
Stores and Spares	134,690	224,721
Diamond Jewellery	45,001,179	80,630,113
Capital goods	8,958,938	15,230,728

29.13 Earnings in Foreign currency

Particulars	31 March 2012	31 March 2011
Exports (on FOB basis)	-	32,898,021

29.14 Information required by Paragraph 3 and 4 of Part II of Schedule VI of Companies Act, 1956. (continued)

Value of imported and indigenous of raw materials consumed and percentage of each to total consumption for year ended 31 March 2012

Where of	Percentage		Value	
	2012	2011	2012	2011
Imported	0.40%	0.81%	45,001,179	80,940,807
Indigenously	99.60%	99.19%	11,234,781,192	9,958,822,531
Total	100%	100%	11,279,782,371	10,039,763,338

₹ Rupees

29.15 Computation of Earning Per Share (E.P.S)

Particulars	31 March 2012	31 March 2011
Profit/(Loss) after Taxation	572,434,242	391,856,076
Weighted Average Number of Equity Shares	50,000,000	50,000,000
Add: effect of potential issues of options	95,950	95,950
Number of shares considered as weighted average shares and potential shares outstanding	50,095,950	50,095,950
Basic earnings Per Share ₹	11.45	7.84
Diluted earnings Per Share ₹	11.43	7.82

29.16 Segment reporting

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

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

Key Managerial Personnel

- 1 Shrikant G Zaveri
- 2 Binaisha Zaveri
- 3 Raashi Zaveri
- 4 Mayur Choksi
- 5 Parinda Bajaj

Relatives of key managerial personnel

- 1 Bindu S Zaveri
- 2 Kamla G Zaveri

Entities over which Key Managerial personnel and/or their relatives exercise significant influence.

- 1 Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited
- 2 Tribhovandas Bhimji Zaveri (TBZ) Private Limited
- 3 T B Zaveri Jewelleries Limited (upto 20 March 2011)
- 4 Super Traditional Metal Crafts (Bombay) Private Limited
- 5 New Transmission & Power Technology Private Limited (upto 16 March 2011)
- 6 Tribhovandas Bhimji Zaveri Trading Co
- 7 Cupid Annibis Jewellery Private Limited
- 8 Shrikant G Zaveri (HUF)
- 9 T.B. Zaveri / A.B Zaveri (Family Benefit Trust)

Consolidated notes to the financial statements (Continued) for the year ended 31 March 2012

29 Notes to Accounts (Continued)

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

Transaction between the Company and related parties and the status of outstanding balances as at 31 March, 2012

Nature of transaction	Key Managerial Personnel		Relatives of Key Managerial Personnel		Entities over which Key Managerial Personnel and/or their relatives exercise significant influence						
	Shikant Zaveri	Birasha Zaveri	Rashmi Zaveri	Mayur Choksi	Bhadrav Zaveri	Kamla Zaveri	Tishovandas Bhinnji Zaveri (Mumbai) Private Limited	Super Traditional Metal Crafts Private Limited	Tishovandas as Bhinnji Trading Co	Cupid Annabis Jewellery Private Limited	T.B. Zaveri / A.B. Zaveri (HUF) Benefit Trust
Transaction for the year *											
Purchases		(348,685)		8756 (7,685)							
Making and Melling charges											
Interest paid											
Interest received											
Remuneration paid	94,500,000 (90,000,000)	18,900,000 (12,000,000)		4,299,083 (777,447)							
Reimbursements on behalf of											
Rent received											
Rent paid	14,400,000 (5,400,000)										
Loan given				(457,685)							
Loan repayment received											
Deposit given	(7,200,000)										
Loans taken (non interest bearing)	129,914,758 (221,972,843)	15,806,738 (11,339,213)		15,526,938 (31,143,461)							500
Loans taken (interest bearing)		(6,500,000)									
Loans repaid (non interest bearing)	80,251,349 (184,394,660)	11,760,778 (11,065,757)		357,685 (100,000)							
Loans repaid (interest bearing)		(6,500,000)									
Closing balance **	74,306,886 (28,369,291)										
Loans payable	46,226,414 (42,499,800)	5,385,173 (620,784)		5,385,173 (617,273)							
Remuneration payable											
Loan receivable											
Deposit receivable	7,200,000 (7,200,000)			(357,685)							
Other receivable											
Trade payable											
Investment											
Corporate guarantees given on behalf of the directors	100,000,000 (100,000,000)		40,000,000 (40,000,000)								
Guarantees**											

**Guarantees given by the directors, relatives and corporate guarantees of shareholders/Companies under the same management within the meaning of section 370(1B) given jointly upto ₹ 200,000,000 (2011: ₹ 200,000,000)

* Amounts pertaining to year ended 31 March 2011 are in bracket below.

** Amounts as at 31 March 2011 are in bracket below.

29.18 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 ended 31st March, 2012 is as follows:

₹ Rupees

Provision for Sales promotion expenses	31 March 2012	31 March 2011
Opening Balance	7,500,000	3,326,486
Additions (net of utilisation)	13,500,000	4,173,514
Closing Balance	21,000,000	7,500,000

29.19 The Company has recently been announced as the successful bidder in relation to a bid submitted by it for commercial premises at Tulsiani Chambers, Nariman Point, Mumbai for an amount of ₹ 260,000,000. The Company is in the process of negotiating the terms of the purchase and has executed a provisional offer acceptance letter dated January 19, 2012 with the seller. However, the payments mentioned above are subject to, among other things, completion of title due diligence of the premises. In the event the Company decides not to proceed with the above transaction, the seller may forfeit the earnest money deposit of ₹ 500,000 paid by the Company.

29.20 The Company executed a letter of intent dated April 12, 2012 to lease a showroom with a carpet area of 1,230 sq. ft. located in Churchgate, Mumbai and in connection therewith has paid an interest free deposit of ₹ 100,000 to the owner of the premises. The initial period of the lease will be three years, renewable at the Company's option for two further periods of three years. The final lease agreement has not yet been executed. In the event the Company decides not to enter into the final lease agreement, the owner of the premises may not refund the deposit of ₹ 100,000.

29.21 Till the year ended 31 March 2011, the company was using pre-revised schedule VI to the companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31 March 2012, the revised schedule VI notified under the companies act 1956, has become applicable to the company. The company has reclassified previous year figures to conform to this year's classification.

As per our report of even date attached

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

Vijay Mathur
Partner
Membership No: 046476
Mumbai
30 May 2012

Shrikant Zaveri
Chairman and Managing Director

Prem Hinduja
Chief Financial Officer

For and behalf of Board of Directors

Binaisha Zaveri
Whole Time Director

Niraj Oza
Company Secretary
Mumbai
30 May 2012

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES ANNEXED TO THE BALANCE SHEET AS AT 31ST MARCH, 2012

₹ Rupees

Name of the Subsidiary Company	The Financial year of the Company ended on	Holding Company's interest as at close of financial year of subsidiary company		Net aggregate amount of subsidiary company's profit after deducting its losses or viceversa, so far as it concerns members of the Holding Company which are not deal within the Company's account		Net Aggregate amount of subsidiary company's profit after deducting its losses or viceversa, dealt within the Company's account	
		Shareholding	Extent of Holding %	For the current financial year	For the previous financial year	For the current financial year	For the previous financial year
Konfiaance Jewellery Private Limited (w.e.f. 11 September 2009)	31 March 2012	100,000 equity share of Rs. 10 each	100.00%	-	-	78,776	278,777
Tribhovandas Bhimji Zaveri (Bombay) Limited (w.e.f. 4 October 2010)	31 March 2012	5,020 equity share of Rs. 100 each	100.00%	-	-	433,915	1,520,516

FINANCIAL INFORMATION RELATING TO SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31 MARCH 2012

₹ Rupees

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					
Konfiaance Jewellery Private Limited (w.e.f. 11 September 2009)	1,000,000	9,174,005	10,450,115	276,110	-	-	-	-	248,889	158,776	80,000	78,776	-
Tribhovandas Bhimji Zaveri (Bombay) Limited (w.e.f. 4 October 2010)	502,000	22,346,793	45,824,041	21,975,248	-	517,575	-	-	144,659,352	1,867,444	1,433,529	433,915	-

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.

Notice is hereby given that the Fifth Annual General Meeting of TRIBHOVANDAS BHIMJI ZAVERI LIMITED will be held on Monday, 24th September, 2012 at 3.30 p.m. at Mahajan Hall of Mumbai Textile Merchants' Mahajan, 1st Floor, 250, Sheikh Memon Street, M. J. Market, Mumbai - 400 002 to transact the following Business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2012 and the audited Profit & Loss Account for the year ended as on that date together with the Reports of the Board of Directors and Auditors thereon;
2. To declare dividend on equity shares for the financial year ended 31st March, 2012;
3. To appoint a Director in place of Mr. Ajay Mehta, who retires by rotation and being eligible, offers himself for re-appointment;
4. To appoint a Director in place of Mr. Sanjay Asher, who retires by rotation and being eligible, offers himself for re-appointment;
5. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to provisions of Section 224 and other applicable provisions, if any of the Companies Act, 1956, BSR and Co (Firm Registration No. 128510W), Chartered Accountants, Mumbai be and are hereby re-appointed as the Statutory Auditors of the Company for the financial year 2012-2013, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration that may be determined and fixed by the Board of Directors."

SPECIAL BUSINESS:

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

"RESOLVED THAT subject to the provisions of Sections 198, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or re-enactment thereof for the time being in force) and subject to approval of the Central Government, if required, approval of the members of the Company be and is hereby accorded for the revision of remuneration structure and fixing of remuneration payable to Mr. Shrikant Zaveri, Chairman & Managing Director of the Company, for the period of three years from 1st April, 2012 to 31st March, 2015, as contained in the Amendment Agreement to be entered into by and between the Company and Mr. Shrikant Zaveri, the draft whereof is placed before the meeting and for the purpose of identification initialed by the Company Secretary of the Company, with the liberty and authority to the Board of Directors to alter and vary the terms and conditions from time to time within the limits prescribed by Schedule XIII of the Companies Act, 1956, or any amendment thereto or any re-enactment thereof and as may be agreed between the Board of Directors and Mr. Shrikant Zaveri.

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

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

"RESOLVED THAT pursuant to the provisions of the Section 163(1) and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as 'the Act') the consent of the members be and is hereby accorded for keeping and maintaining the register of members, the index of members, register and index of debenture holders, if any, at the office of Karvy Computershare Private Limited, Registrar and Share Transfer Agent (RTA) of the Company having their

office at 24-B, Rajabhadur Mansion, Ground Floor, 6, Ambalal Doshi Marg, Behind BSE, Fort, Mumbai 400 023, being maintained at the above stated place other than the Registered Office of the Company.

RESOLVED FURTHER THAT in addition to the above pursuant to the provisions of the Section 163(1) and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as 'the Act') the consent of the members be and is hereby accorded for keeping and maintaining the copies of all annual returns prepared under Section 159 of the Act, together with the copies of certificates and documents required to be annexed thereto under Section 161 of the Act and any one or more of them, at the new Corporate Office of the Company, situated at 11th Floor, Tulsiani Chambers, 212, Backbay Reclamation, Free Press Journal Road, Nariman Point, Mumbai 400 021, being maintained at the above stated place other than the Registered Office of the Company.

RESOLVED FURTHER THAT the above mentioned documents be kept open for inspection, at the above mentioned places, between 11.00 a.m. to 1.00 p.m. on all days except Saturdays, Sundays and public holidays and when the register of members and the books are closed under the provisions of the Act or the Articles of Association of the Company.

RESOLVED FURTHER THAT Mr. Shrikant Zaveri, Chairman & Managing Director, Ms. Binaisha Zaveri and Ms. Raashi Zaveri, Whole-time Directors of the Company be and are hereby severally authorized to fix the date of the transfer of above mentioned records & documents to the new Corporate Office of the Company and to sign and file the required form/(s) with the Registrar of Companies (ROC) and to do all such things and take all such actions as may be required from time to time for giving effect to this resolution and matters related thereto."

By order of the Board of Directors

Shrikant Zaveri
Chairman & Managing Director

Place: Mumbai
Date: 6th August, 2012

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

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING MAY APPOINT A PROXY / PROXIES TO ATTEND AND ON A POLL, VOTE INSTEAD OF HIMSELF / HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Proxy form(s) duly completed and stamped should be deposited at the Registered Office of the Company not less than 48 hours before the Commencement of the Meeting.
3. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
4. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to Special Business to be transacted at the meeting is annexed hereto.
5. The documents referred to in the proposed resolutions are available for inspection at the Corporate Office of the Company situated at 228, Ground Floor, Mittal Chambers, Nariman Point, Mumbai-400 021 during working hours between 11.00 a.m. to 1.00 p.m. on all days except Saturdays, Sundays and Public Holidays till the conclusion of the Annual General Meeting.
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. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
8. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
9. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 15th September, 2012 to Monday, 24th September, 2012 (both days inclusive).
10. Subject to the provisions of Section 206A of the Companies Act, 1956, dividend on equity shares as recommended by the Board, if declared at the Annual General Meeting, will be paid/ dispatched commencing from 28th September, 2012 to those members:
 - (a) whose names appear as Beneficial Owners as at the end of the business hours on 14th September, 2012 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 14th September, 2012.
11. 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 Pvt. Ltd. (for Shares held in physical form) and to Depository Participants (for Shares held in dematerialized form).
12. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 109A of the Companies Act, 1956. Members desired to avail of this facility may send their nomination in the prescribed Form No. 2B duly filled in to Karvy Computershare Private Limited, the office of the Registrar and Share Transfer Agent of the Company. Members holding shares in electronic mode may contact their respective Depository Participants for availing this facility.

13. 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.
14. The equity shares of the Company are listed at the following Stock Exchanges in India w.e.f. 9th 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 annual listing fees to each of the above Stock Exchanges for the financial year 2012 - 13.

15. Members are requested to intimate to the Company, queries if any, regarding the accounts at least 10 days before the Annual General Meeting to enable the Management to keep the information ready at the Meeting. The queries may be addressed to: Company Secretary, Tribhovandas Bhimji Zaveri Limited, 228, Ground Floor, Mittal Chambers, Nariman Point, Mumbai 400 021. (email: investors@tbzoriginal.com).
16. As a matter of austerity, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are therefore, requested to bring their copies of the Annual Report to the Meeting.
17. The Ministry of Corporate Affairs has taken a 'Green Initiative in Corporate Governance' by issuing circulars (vide circular nos. 17/2011 and 18/2011 dated 21st April, 2011 and 29th 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 5th 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), to M/s. Karvy Computershare Private Limited/ Secretarial Department of the Company. The Members holding shares in electronic form are requested to register their e-mail address with their Depository Participants only. The Members of the Company, who have registered their e-mail address, are entitled to receive such communication in physical form, upon request.
18. Disclosure pursuant to Clause 49 of the Listing Agreement with respect to the Directors seeking re-appointment/ appointment at the forthcoming Annual General Meeting is attached hereto.

By order of the Board of Directors

Shrikant Zaveri
Chairman & Managing Director

Place: Mumbai
Date: 6th August, 2012

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

Disclosure pursuant to Clause 49 of the Listing Agreement.

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

Name of the Director	Mr. Ajay Mehta	Mr. Sanjay Asher	Mr. Shrikant Zaveri
Date of Birth	28.07.1959	26.11.1964	07.12.1959
Date of Appointment	14.12.2010	14.12.2010	24.07.2007
Qualification	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.	Matriculation
Expertise in specific functional area	Chemical, petrochemical, fertilizer, manufacturing & investment companies	Law & corporate matters	Rich experience of more than 30 years in Retail Jewellery Busines
Directorships held in other Public Companies as on 31 st March, 2012 (excluding foreign Companies and Section 25 companies)	Deepak Nitrite Limited	Ashok Leyland Ltd. Bajaj Allianz General Insurance Co. Ltd. Bajaj Allianz Life Insurance Co. Ltd. Balkrishna Industries Ltd. Finolex Cables Ltd. Finolex Industries Ltd. Innovative Industries Ltd. Kryfs Power Corporations Ltd. Mandhana Industries Ltd. Repro India Ltd. Sanghvi Movers Ltd. Sharp India Ltd. Shree Renuka Sugars Ltd. Sudarshan Chemicals Industries Ltd.	Tribhovandas Bhimji Zaveri (Bombay) Limited (Wholly owned subsidiary of the Company) Konfiance Jewellery Pvt. Ltd. (Wholly owned subsidiary of the Company)
Chairmanships/ Memberships of the Committee of the Board of Directors of the Company as on 31 st March, 2012	Audit Committee - Member Shareholders/ Investor Grievance Committee - Chairman	NIL	Audit Committee - Member Shareholders/ Investor Grievance Committee Member

<p>Chairmanships/ Memberships of the Committees of other Listed Public</p> <p>Companies as on 31st March, 2012</p> <p>a) Audit Committee</p> <p>b) Shareholders/ Investors Grievance, Share Allotment and Share Transfer Committee</p>	<p>Audit Committee: Nil</p> <p>Share Transfer Committee: Deepak Nitrite Ltd.- Member</p> <p>Investor Grievance Committee: Deepak Nitrite Ltd.- Member</p>	<p>Audit Committee: Shree Renuka Sugars Limited - Chairman Finolex Cables Limited - Member Repro India Limited - Member Ashok Leyland Limited - Member Sharp India Limited - Member Mandhana Industries Limited - Member Share Transfer & Investor Grievance Committee: Ashok Leyland Limited - Chairman Shree Renuka Sugars Limited Chairman Sharp India Limited - Chairman Finolex Cables Limited - Member</p>	<p>Nil</p>
<p>Nos. of Shares held in the Company</p>	<p>NIL</p>	<p>NIL</p>	<p>33,392,275</p>

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

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

Item No. 6

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

The present term of appointment of Mr. Shrikant Zaveri, Chairman & Managing Director of the Company as per the approval of members given by a Special Resolution passed at the Extra Ordinary General Meeting of the Company held on 12th January, 2011 is for the period of five years i.e. from 1st January, 2011 to 31st December, 2015 and his Remuneration was approved by the said Special Resolution for period of three years i.e. from 1st January, 2011 to 31st December, 2013.

On the basis of the recommendations of the Remuneration Committee of the Board of Directors and subject to approval of the members, the Board has altered the structure of remuneration payable to Mr. Shrikant Zaveri, Chairman & Managing Director of the Company w.e.f. 1st April, 2012 to 31st December, 2013 and has fixed the remuneration from 1st January, 2014 to 31st March, 2015.

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

1. **Period of Remuneration:** - From 1st April, 2012 to 31st March, 2015 (3 years)

2. **Remuneration:**

a) **Basic Salary:**

₹ 4,166,667/- per month (i.e. ₹ 5 Crores per annum), with an annual increment upto 20% per annum starting from 1st April, 2013, as may be decided by the Board of Directors of the Company from time to time.

b) **Commission:**

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

c) **Reimbursement:**

The Company shall reimburse to Mr. Shrikant Zaveri, Chairman & Managing Director of the Company all the actual expenses incurred by him wholly, necessarily and exclusively for and on behalf of the Company and / or incurred in performance of the duties to the Company.

3. **Minimum Remuneration:**

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

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

All other terms and conditions of his appointment which have been approved by the members at the Extra Ordinary General Meeting of the Company held on 12th January, 2011 and have been mentioned in the Agreement dated 11th January, 2011 entered into by and between the Company and Mr. Shrikant Zaveri will remain the same.

The draft Amendment Agreement to be entered into by and between the Company and Mr. Shrikant Zaveri incorporating the said amendments and the said Agreement dated 11th January, 2011 and the said Special Resolution passed in the Extra Ordinary General Meeting of the Company held on 12th January, 2011 are available for inspection by the Members of the Company at its Corporate Office situated at 228, Ground Floor, Mittal Chambers, Nariman Point, Mumbai 400 021, between 11.00 am to 1.00 pm on any working day of the Company.

Your Directors recommend the Special Resolution for your approval.

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

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

Item No. 7

Keeping of Registers at a place other than the Registered Office of the Company

As required under provision of Section 163 of the Companies Act, 1956, and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as 'the Act'), certain documents such as the register of members, the index of members, register and index of debenture holders, if any, and other related books and records; the copies of all annual returns prepared under Section 159 of the Act, together with the copies of certificates and documents required to be annexed thereto under Section 161 of the Act and any one or more of them, are required to be kept at the Registered Office of the Company. However, these documents can be kept at any other place within the city, town or village in which the Registered Office of the Company is situated, with the approval of the Members to be accorded by a Special Resolution.

The register of members, the index of members, register and index of debenture holders, if any, to be kept and maintained at the office of Karvy Computershare Private Limited who have been appointed as the Registrar and Share Transfer Agent (RTA) of the Company and having their office at 24-B, Rajabhadur Mansion, Ground Floor, 6, Ambalal Doshi Marg, Behind BSE, Fort, Mumbai 400 023.

The Secretariat of the Company is situated at the Corporate Office of the Company which is currently located at 228, Ground Floor, Mittal Chambers, Nariman Point, Mumbai 400 021 and will be shifted in due course of time to the new location situated at 11th Floor, Tulsiani Chambers, 212, Backbay Reclamation, Free Press Journal Road, Nariman Point, Mumbai 400 021. Mr. Shrikant Zaveri, Chairman & Managing Director, Ms. Binaisha Zaveri and Ms. Raashi Zaveri, Whole-time Directors of the Company be and are hereby severally authorized to fix the date of the transfer of above mentioned records & documents to the new corporate office of the Company. Hence, the approval of the Members is sought in terms of Section 163(1) of the Act, for keeping the copies of all annual returns prepared under Section 159 of the Act, together with the copies of certificates and documents required to be annexed thereto under Section 161 of the Act and any one or more of them, at the new Corporate Office of the Company.

A copy of the proposed resolution is being forwarded in advance to the Registrar of Companies, Mumbai, Maharashtra, as required under the said Section 163(1) of the Act.

Your Directors recommend the Special Resolution for your approval.

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

By order of the Board of Directors

Place: Mumbai
Date: 6th August, 2012

Shrikant Zaveri
Chairman & Managing Director

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



TRIBHOVANDAS BHIMJI ZAVERI LIMITED
 Regd: Off.: 241/43, Zaveri Bazar, Mumbai - 400 002
 Corporate Off.: 228, Mittal Chambers, Nariman Point, Mumbai 400 021.
 Tel. No.: 3073 5000. Fax No. 3073 5088. Website: www.tbztheoriginal.com

PROXY FORM

I / We _____ of _____ in the district of _____ being member/s of TRIBHOVANDAS BHIMJI ZAVERI LIMITED hereby appoint _____ in the district of _____ or failing him/ her _____ of _____ in the district of _____ as my/ our proxy to vote for me/us on my/our behalf at the Fifth Annual General Meeting of the Company to be held on Monday, 24th September, 2012 at 3.30 p.m. and any adjournment thereof.

Signed this _____ day of _____ 2012.

Folio No.	
DP ID No.*	
Client ID No.*	

Affix
Revenue
Stamp of
₹ 1

*Applicable if share(S) are held in electronic form

Signature

NOTE:

The Proxy duly completed must be deposited at the registered office of the Company not less than 48 hours before the time of holding the meeting.

Members who have multiple folios/ demat accounts with different joint-holders may use copies of this proxy form.

-----TEAR HERE-----

TRIBHOVANDAS BHIMJI ZAVERI LIMITED
 Regd: Off.: 241/43, Zaveri Bazar, Mumbai - 400 002
 Corporate Off.: 228, Mittal Chambers, Nariman Point, Mumbai 400 021.
 Tel. No.: 3073 5000. Fax No. 3073 5088. Website: www.tbztheoriginal.com



ATTENDANCE SLIP

(To be filled in and handed over at the entrance of the meeting hall)

I hereby record my presence at the Fifth Annual General Meeting of the Company on Monday, 24th September, 2012 at 3.30 p.m. at Mahajan Hall of Mumbai Textile Merchants' Mahajan, 1st Floor, 250, Sheikh Memon Street, M. J. Market, Mumbai- 400 002.

Folio No. or Client ID & DP ID No. _____

 Full Name of the * Shareholder/ proxy

 Signature of the * Shareholder/ proxy

* Strike out whichever is not applicable.

NOTE:

Members who have multiple folios/ demat accounts with different joint-holders may use copies of this attendance slip.

No additional/ duplicate Attendance Slip will be issued at the Meeting Hall.

Members are requested to bring their copies of the Annual Report to the meeting.

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

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 1st 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.



The original since 1864

TRIBHOVANDAS BHIMJI ZAVERI
SHRIKANT ZAVERI GROUP

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