

B S R & Co. LLP

Chartered Accountants

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Independent Auditors' Report

To the Members of Tribhovandas Bhimji Zaveri (Bombay) Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Tribhovandas Bhimji Zaveri (Bombay) Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, and the Cash Flow Statement for the year ended on that date, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in sub-section 5 of Section 134 of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



Independent Auditors' Report (Continued)

Tribhovandas Bhimji Zaveri (Bombay) Limited

Auditors' Responsibility (Continued)

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31 March 2016, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in exercise of powers conferred by sub-section 11 of Section 143 of the Act, we enclose in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by sub-section 3 of Section 143 of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the Directors as on 31 March 2016 taken on record by the Board of Directors, none of the Directors are disqualified as on 31 March 2016 from being appointed as a Director in terms of sub-section 2 of Section 164 of the Act.



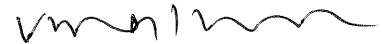
Independent Auditors' Report (*Continued*)

Tribhovandas Bhimji Zaveri (Bombay) Limited

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - 1. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 23 to the financial statements;
 - 2. The Company did not have any long-term contracts including derivative contracts, requiring provisions under any Act or accounting standard for any material foreseeable losses; and
 - 3. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B S R & Co. LLP**
Chartered Accountants

Firm's Registration No: 101248W/W-100022



Vijay Mathur
Partner

Membership No: 046476

Mumbai
2 May 2016

Tribhovandas Bhimji Zaveri (Bombay) Limited

Annexure A to the Independent Auditors' Report

With reference to the Annexure A referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2016, 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 accordance with this programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies have been noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The inventory has been physically verified by the management during the year, the frequency of such verification is reasonable and no material discrepancies were noticed.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships, or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.
- (iv) The Company has not granted any loans, investments, guarantees, or security covered under Section 185 and 186 of the Act. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.
- (v) The Company has not accepted any deposits from the public. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.
- (vii) (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, duty of customs, service tax, cess, and other material statutory dues have 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 sales tax, value added tax and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, duty of customs, service tax, cess, and other material statutory dues were in arrears as at 31 March 2016 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, duty of customs, and service tax which have not been deposited with the appropriate authorities on account of any dispute.



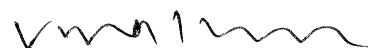
Tribhovandas Bhimji Zaveri (Bombay) Limited

Annexure A to the Independent Auditors' Report (*Continued*)

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or to any financial institutions. The Company did not have any borrowing from government or outstanding debentures during the year.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable to the Company.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanation given to us, Company has neither paid nor provided for any managerial remuneration. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards. The provisions of Section 177 of the Act are not applicable to the Company.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For B S R & Co. LLP
Chartered Accountants

Firm's Registration No: 101248W/W-100022



Vijay Mathur
Partner

Membership No: 046476

Mumbai
2 May 2016

Tribhovandas Bhimji Zaveri (Bombay) Limited

Annexure B to the Independent Auditors' Report

(Referred to in our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

We have audited the internal financial controls over financial reporting of Tribhovandas Bhimji Zaveri (Bombay) Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Tribhovandas Bhimji Zaveri (Bombay) Limited

Annexure B to the Independent Auditors' Report (*Continued*)

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

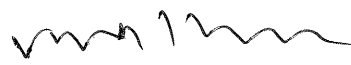
Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022



Vijay Mathur

Partner

Membership No: 046476

Mumbai

2 May 2016

Tribhovandas Bhimji Zaveri (Bombay) Limited

Balance sheet


as at 31 March 2016

(Indian Rupees)

| | Notes | 31 March 2016 | 31 March 2015 |
|---|-------|---------------------|-------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 3 | 502,000 | 502,000 |
| Reserves and surplus | 4 | (43,686,976) | 372,597 |
| | | <u>(43,184,976)</u> | <u>874,597</u> |
| Non-current liabilities | | | |
| Long-term provisions | 5 | <u>10,182,512</u> | <u>6,500,904</u> |
| | | <u>10,182,512</u> | <u>6,500,904</u> |
| Current liabilities | | | |
| Short-term borrowings | 6 | - | 49,957,907 |
| Trade payables | 7 | - | - |
| (A) Due to Micro, Small and Medium Enterprises | | 14,033,663 | 8,626,523 |
| (B) Due to Other than Micro, Small and Medium Enterprises | 8 | 70,245,418 | 14,512,244 |
| Other current liabilities | 9 | 3,319,770 | 4,564,385 |
| Short-term provisions | | <u>87,598,851</u> | <u>77,661,059</u> |
| | | <u>54,596,387</u> | <u>85,036,560</u> |
| TOTAL | | | |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | 10 | 34,365,876 | 30,208,897 |
| Tangible assets | | <u>1,140,696</u> | <u>1,665,814</u> |
| Intangible assets | | <u>35,506,572</u> | <u>31,874,711</u> |
| Non-current investments | 11 | 517,575 | 517,575 |
| Deferred tax assets, (net) | 12 | - | 5,447,200 |
| Long-term loans and advances | 13 | <u>16,150,570</u> | <u>14,749,447</u> |
| | | <u>16,668,145</u> | <u>20,714,222</u> |
| Current assets | | | |
| Inventories | 14 | 920,953 | 298,973 |
| Trade receivables | 15 | 859,319 | 27,084,366 |
| Cash and bank balance | 16 | 200,566 | 4,706,494 |
| Short-term loans and advances | 17 | <u>440,832</u> | <u>357,794</u> |
| | | <u>2,421,670</u> | <u>32,447,627</u> |
| TOTAL | | <u>54,596,387</u> | <u>85,036,560</u> |


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 **BSR & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/ W-100022


Vijay Mathur
Partner
Membership No: 046476
Mumbai
2 May 2016

For and on behalf of the Board of Directors of
Tribhovandas Bhimji Zaveri (Bombay) Limited
CIN: U36911MH1986PLC039643


Shrikant Zaveri
Director
DIN:00263725
Mumbai
2 May 2016


Raashi Zaveri
Director
DIN:00713688

Tribhovandas Bhimji Zaveri (Bombay) Limited

Statement of profit and loss

for the year ended 31 March 2016

(Indian Rupees)

| | Notes | 31 March 2016 | 31 March 2015 |
|---|-------|---------------------|---------------------|
| INCOME | | | |
| Revenue from operations | 18 | 132,076,691 | 151,016,886 |
| Other income | 19 | 906,941 | 427,901 |
| Total revenue | | 132,983,632 | 151,444,787 |
| EXPENSES | | | |
| Employee benefits | 20 | 57,563,760 | 55,789,273 |
| Finance costs | 21 | 1,372,025 | 25,534 |
| Depreciation and amortisation | 10 | 3,606,889 | 2,842,394 |
| Other expenses | 22 | 110,570,037 | 128,537,932 |
| Total expenses | | 173,112,711 | 187,195,133 |
| Loss before exceptional item and tax | | (40,129,079) | (35,750,346) |
| Exceptional items | | | |
| Reversal of excess depreciation in respect of earlier years (refer note 10) | | - | 6,055,121 |
| (Loss) before tax | | (40,129,079) | (29,695,225) |
| Tax expense | | | |
| - Deferred tax charge | 12 | 5,447,200 | - |
| - Provision pertaining to earlier years | | (1,516,706) | - |
| Total tax expense | | 3,930,494 | - |
| (Loss) for the year | | (44,059,573) | (29,695,225) |
| Earnings per equity share | | | |
| [Nominal value of share Rs.100 (31 March 2015: Rs.100)] | | | |
| Basic and diluted | 30 | (8,776.81) | (5,915.38) |
| 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 **BSR & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/ W-100022

Vijay Mathur

Partner

Membership No: 046476

Mumbai

2 May 2016

For and on behalf of the Board of Directors of
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Shrikant Zaveri

Director

DIN:00263725

Mumbai

2 May 2016

Raashi Zaveri

Director

DIN:00713688

Tribhovandas Bhimji Zaveri (Bombay) Limited

Cash flow statement

for the year ended 31 March 2016

(Indian Rupees)

| | 31 March 2016 | 31 March 2015 |
|---|----------------------------|---------------------|
| (A) CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net (loss) before tax | (40,129,079) | (29,695,225) |
| Adjustments for: | | |
| Depreciation and amortisation | 3,606,889 | 2,842,394 |
| Finance costs | 1,372,025 | 25,534 |
| Interest income on bank deposits | (29,314) | (27,275) |
| Interest income on income tax refund | (535,684) | - |
| Dividend income | (17,303) | (20,185) |
| Provisions written back | (324,640) | (282,113) |
| Reversal of excess depreciation in respect of earlier years | - | (6,055,121) |
| (Profit)/loss on sale of assets | - | (98,328) |
| Operating cash flow before working capital changes | (36,057,106) | (33,310,319) |
| Movements in working capital | | |
| Decrease/(increase) in trade receivables | 26,225,047 | (15,124,103) |
| (Increase) in inventories | (621,980) | (119,557) |
| (Increase)/decrease in current assets and loans and advances | (209,208) | 17,343 |
| Increase in trade payables | 5,731,780 | 5,561,083 |
| Increase in current liabilities and provisions | 57,323,798 | 4,678,697 |
| Cash generated from / (used in) operations | 52,392,331 | (38,296,856) |
| Income tax refund/(paid) | 241,753 | (2,990,674) |
| Net cash generated from / (used in) operating activities | (A) 52,634,084 | (41,287,530) |
| (B) CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets | (6,392,381) | (4,218,561) |
| Proceeds from sale of fixed assets | - | 200,000 |
| Interest received on deposits | 29,314 | 27,275 |
| Interest received on income tax refund | 535,684 | - |
| Dividend received | 17,303 | 20,185 |
| Net cash used in investing activities | (B) (5,810,080) | (3,971,101) |
| (C) CASH FLOW FROM FINANCING ACTIVITIES | | |
| Finance cost paid | (1,372,025) | (25,534) |
| (Repayment of)/proceeds from borrowings | (49,957,907) | 49,957,907 |
| Net cash (used in)/generated from financing activities | (C) (51,329,932) | 49,932,373 |
| Net (decrease)/increase in cash and cash equivalents | (A+B+C) (4,505,928) | 4,673,742 |
| Cash and cash equivalent at beginning of year (refer note below) | 4,706,494 | 32,752 |
| Cash and cash equivalent at end of year (refer note below) | 200,566 | 4,706,494 |

Notes to cash flow statement

- Components of cash and cash equivalents:

| | | |
|-----------------------|----------------|------------------|
| Cash on hand | 6,966 | 7,593 |
| Balances with banks | | |
| - on current accounts | 193,600 | 818,480 |
| - on margin accounts* | - | 3,880,421 |
| | 200,566 | 4,706,494 |

* Amount deposited as margin with bank for gold taken on loan.

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 (AS-3), "Cash Flow Statements".

Significant accounting policies (refer note 2)

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

As per our report of even date attached

For BSR & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/ W-100022

Vijay Mathur
Partner

Membership No: 046476

Mumbai
2 May 2016

For and on behalf of the Board of Directors of
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Shrikant Zaveri
Director
DIN:00263725

Mumbai
2 May 2016

Raashi Zaveri
Director
DIN:00713688

Tribhovandas Bhimji Zaveri (Bombay) Limited

Notes to the financial statements

for the year ended 31 March 2016

(Indian Rupees)

1 Company overview

Tribhovandas Bhimji Zaveri (Bombay) Limited ("the Company") was incorporated on 24 April 1986, in Mumbai. The Company has been converted to a public limited company w.e.f. 27 December 2010. The Company is involved in the business of goldsmiths, silversmiths, gem merchants and other related activities.

2 Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

2.1 Basis of Preparation of financial statements

These 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 under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the relevant provisions of the Act and other accounting principles generally accepted in India, to the extent applicable.

Going Concern

These financial statements have been prepared on a going concern basis notwithstanding the losses incurred by the Company. The Company has received a letter from its Holding Company, confirming its support for continued operations of the Company at least up to 31 March 2017. Management believes that the same will enable the Company to continue as a going concern and meet its financial obligations in the near future. These financial statements, therefore, do not include any adjustments relating to recoverability and classification of asset and classification of liabilities that may be necessary if the Company was unable to continue as a going concern.

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. Any revision to accounting estimates is recognized prospectively in the current and future periods.

2.3 Current -non-current classification

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

Assets

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

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

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

All other assets are classified as non-current.

Liabilities

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

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

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

All other liabilities are classified as non-current

Operating Cycle :

Based on the nature of services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current / non-current classification of assets and liabilities.

2.4 Fixed assets and depreciation / amortisation

Tangible fixed assets.

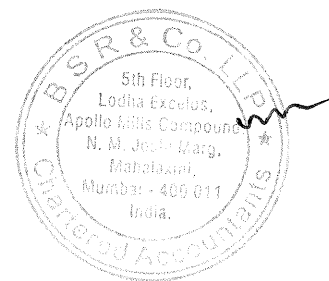
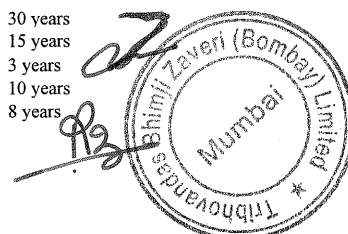
Tangible assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditures related to an item of tangible asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Losses arising from the retirement of, and gains or losses arising from disposal of tangible assets which are carried at cost are recognised in the Statement of Profit and Loss.

Depreciation on fixed assets has been provided using straight line method over its useful lives in compliance with Schedule II of Companies Act, 2013, where hitherto Written Down Value method was adopted. Pursuant to this policy, the management estimates the useful lives for the assets as follows:

Factory buildings
Plant and machinery
Computer equipment
Furniture and fixtures
Vehicles

30 years
15 years
3 years
10 years
8 years



Tribhovandas Bhimji Zaveri (Bombay) Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Indian Rupees)

2 Significant accounting policies (Continued)

2.4 Fixed assets and depreciation / amortisation (Continued)

Effective 1 April 2014, the Company had changed the method of providing depreciation from written down value to straight line method. In management's view this change results in more appropriate presentation and gives a systematic basis of depreciation charge, in compliance with the useful lives as per Schedule II of Companies Act, 2013, representative of pattern of usage and economic benefits of the assets and provide greater consistency with the depreciation method used by other companies in the gems and jewellery industry.

Depreciation for the year is recognised in the Statement of Profit and Loss.

Intangible fixed assets.

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

Intangible assets are amortised in the Statement of Profit or Loss over their estimated useful lives, from the date that they are available for use based on the expected pattern of consumption of economic benefits of the asset. The Company's intangible assets comprise of computer software which are being amortised on a straight line basis over their estimated useful life of five years.

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

2.5 Impairment of assets

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cashflows expected to arise from the continuing use of the asset and its eventual disposal. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists or has decreased, the asset's recoverable amount is estimated and the carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

2.6 Inventories

Inventories are carried at lower of cost and net realizable value. Cost is determined in case of gold and silver at weighted average cost. Cost of consumables are determined on first-in-first-out basis.

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

2.7 Revenue recognition

Revenue from services is recognized upon rendering of services to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

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

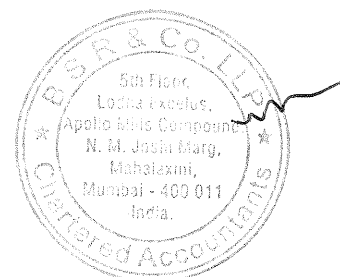
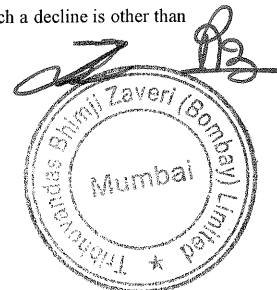
2.8 Foreign exchange transactions

Foreign exchange transactions are recorded at the exchange rates prevailing on the dates of the transactions. Exchange differences arising on foreign currency transactions settled during the year are recognized in the Statement of Profit and Loss.

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

2.9 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.



Tribhovandas Bhimji Zaveri (Bombay) Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Indian Rupees)

2 Significant accounting policies (Continued)

2.10 Employee benefits

Short-term employee benefits

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

Post employment benefits

Defined contribution plans

Provident fund

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contribution to a Government administered scheme and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards Provident Fund, which is a defined contribution plan, at the prescribed rates. Provident fund dues are recognized when the liability to contribute to the provident fund arises. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Defined benefit plans

Gratuity

The Company's gratuity benefit scheme is an unfunded defined benefit plan. Provision towards gratuity are provided on the basis of an independent actuarial valuation carried out at the end of the year using the projected unit credit method and are debited to the Statement of Profit and Loss on an accrual basis. Actuarial gains and losses arising during the year are recognised in the Statement of Profit and Loss.

Other long-term employee benefits

Compensated absences

The Company provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The Company makes provision for compensated absences based on an independent actuarial valuation carried out at the end of the year using the projected unit credit method. Actuarial gains and losses are recognised in the Statement of Profit and Loss.

2.11 Leases

Lease rentals in respect of assets acquired under operating lease are charged off to the Statement of Profit and Loss on a straight line basis.

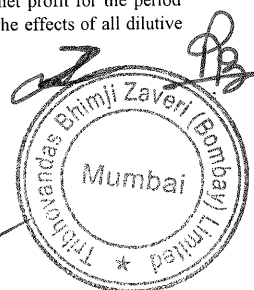
2.12 Income taxes

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

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

2.13 Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.



Tribhovandas Bhimji Zaveri (Bombay) Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Indian Rupees)

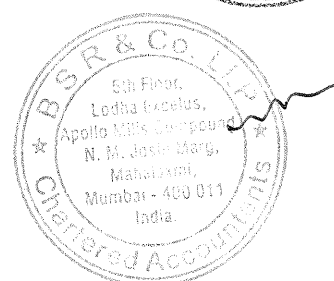
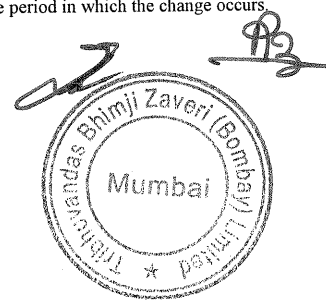
2 Significant accounting policies (Continued)

2.14 Provision, contingent liabilities and contingent assets

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. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date and are not discounted to its present value. These are reviewed at each year end date and adjusted to reflect the best current estimate.

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.

Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.



Tribhovandas Bhimji Zaveri (Bombay) Limited

Notes to the financial statements (Continued)

as at 31 March 2016

(Indian Rupees)

| | 31 March 2016 | 31 March 2015 |
|---|------------------|------------------|
| 3 Share capital | | |
| Authorised | | |
| 10,000 (31 March 2015: 10,000) equity shares of Rs 100 each | 1,000,000 | 1,000,000 |
| | <u>1,000,000</u> | <u>1,000,000</u> |
| Issued, subscribed and paid-up | | |
| 5,020 (31 March 2015: 5,020) equity shares of Rs 100 each fully paid-up | 502,000 | 502,000 |
| | <u>502,000</u> | <u>502,000</u> |

Note :

a Reconciliation of the shares outstanding at the beginning and at the end of the year

| | 31 March 2016 | | 31 March 2015 | |
|------------------------------|---------------|---------|---------------|---------|
| Equity Shares | No. of shares | Amount | No. of shares | Amount |
| At the beginning of the year | 5,020 | 502,000 | 5,020 | 502,000 |
| At the end of the year | 5,020 | 502,000 | 5,020 | 502,000 |

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

| | 31 March 2016 | | 31 March 2015 | |
|--|--------------------|---------------|--------------------|---------------|
| | % holding in class | No. of Shares | % holding in class | No. of Shares |
| Equity shares of Rs. 100 each fully paid-up | | | | |
| Tribhovandas Bhimji Zaveri Limited and nominee | 100% | 5,020 | 100% | 5,020 |

c Terms / rights attached to equity shares

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

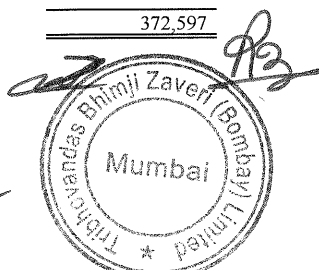
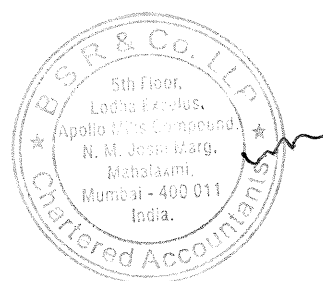
Failure to pay any amount called up on shares may lead to forfeiture of the shares.

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

d Shares held by holding/ultimate holding company and/or their subsidiaries/associates

| | 31 March 2016 | | 31 March 2015 | |
|--|---------------|----------------|---------------|----------------|
| | No. of shares | Amount | No. of shares | Amount |
| Equity shares of Rs. 100 each fully paid-up held by | | | | |
| Holding Company - Tribhovandas Bhimji Zaveri Limited and nominee | 5,020 | 502,000 | 5,020 | 502,000 |
| | <u>5,020</u> | <u>502,000</u> | <u>5,020</u> | <u>502,000</u> |

| | 31 March 2016 | 31 March 2015 |
|--|---------------------|---------------------|
| 4 Reserves and surplus | | |
| i) Securities premium account | | |
| At the commencement of the year | 19,731,360 | 19,731,360 |
| | <u>19,731,360</u> | <u>19,731,360</u> |
| ii) (Deficit) in Statement of profit and loss | | |
| At the commencement of the year | (19,358,763) | 10,336,462 |
| (Loss) for the year | <u>(44,059,573)</u> | <u>(29,695,225)</u> |
| | <u>(63,418,336)</u> | <u>(19,358,763)</u> |
| Total reserves and surplus | <u>(43,686,976)</u> | <u>372,597</u> |



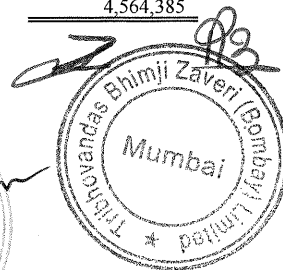
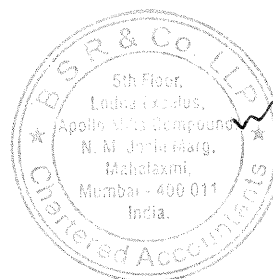
Tribhovandas Bhimji Zaveri (Bombay) Limited

Notes to the financial statements (Continued)

as at 31 March 2016

(Indian Rupees)

| | 31 March 2016 | 31 March 2015 |
|---|-------------------|-------------------|
| 5 Long-term provisions | | |
| Provision for employee benefits | | |
| - Provision for gratuity (refer note 24) | 9,280,847 | 5,201,456 |
| - Provision for compensated absences (refer note 24) | 901,665 | 1,299,448 |
| | <u>10,182,512</u> | <u>6,500,904</u> |
| 6 Short-term borrowings | | |
| <i>Secured</i> | | |
| Loans repayable on demand | | |
| Working capital demand loan from banks | - | 49,957,907 |
| | <u>-</u> | <u>49,957,907</u> |
| Working capital demand loans are repayable on demand with bullet repayment on maturity date and carry interest ranging from 4.5% to 10.50 % p.a. The loans are secured by first and exclusive hypothecation charge on all existing and future receivables /current assets of the Company. Further, the loans are secured by the corporate guarantee of Tribhovandas Bhimji Zaveri Limited, the holding company. | | |
| 7 Trade payables | | |
| Due to | | |
| Micro, Small and Medium Enterprises (refer note 25) | - | - |
| Other than Micro, Small and Medium Enterprises | | |
| - due to related parties (refer note 32) | 11,220,480 | - |
| - due to others | 2,813,183 | 8,626,523 |
| | <u>14,033,663</u> | <u>8,626,523</u> |
| 8 Other current liabilities | | |
| Other payables | | |
| - Outstanding expenses | 26,890,079 | 5,027,232 |
| - Salaries & bonus payable | 8,528,678 | 8,448,563 |
| - Creditors for capital goods | 846,369 | - |
| - Statutory liabilities | 995,413 | 1,036,449 |
| - Book overdraft | 884,290 | - |
| - Advance received from customer | 32,100,589 | - |
| | <u>70,245,418</u> | <u>14,512,244</u> |
| 9 Short-term provisions | | |
| Provision for employee benefits | | |
| - Provision for gratuity (refer note 24) | 672,353 | 1,538,446 |
| - Provision for compensated absences(refer note 24) | 2,647,417 | 3,025,939 |
| | <u>3,319,770</u> | <u>4,564,385</u> |



Tribhovandas Bhimji Zaveri (Bombay) Limited

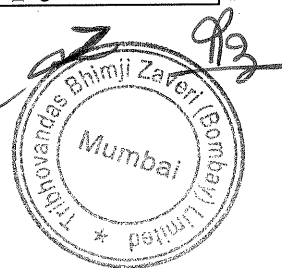
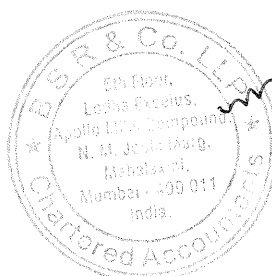
Notes to the financial statements (Continued) as at 31 March 2016

(Currency: Indian Rupees)

10 Fixed assets

| Particulars | Gross Block | | | Depreciation / amortisation | | | Net Block | | | |
|--------------------------|--|--|--|--|--|--|------------------------------|---------------------------------|--|--|
| | As at 1 April 2015 | Additions during the year | Deletion/ adjustment during the year | As at 31 March 2016 | As at 1 April 2015 | For the year during the year | Deletions during the year | Adjustments during the year# | As at 31 March 2016 | As at 31 March 2015 |
| Tangible Assets | | | | | | | | | | |
| Freehold land | 2,437,840 (2,437,840) | - | - | 2,437,840 (2,437,840) | - | - | - | - | 2,437,840 (2,437,840) | 2,437,840 (2,437,840) |
| Factory building | 12,649,561 (12,649,561) | 2,360,556 | - | 15,010,117 (12,649,561) | 3,606,222 (6,069,704) | 431,045 (400,569) | - | - | 4,037,267 (3,606,222) | 9,043,339 (6,579,857) |
| Plant and machinery | 22,430,322 (20,373,398) | 3,839,044 (2,416,789) | (450,759) (359,865) | 25,818,607 (22,430,322) | 5,676,782 (7,501,001) | 1,697,901 (1,271,386) | - | (123,770) (2,837,412) | 7,498,453 (5,676,782) | 16,753,540 (12,872,397) |
| Furniture and fittings | 4,386,790 (4,302,415) | 506,626 (84,375) | 450,759 | 5,344,175 (4,386,790) | 2,935,447 (2,956,826) | 471,138 (412,241) | - | 123,770 (433,620) | 3,282,815 (2,935,447) | 2,061,360 (1,451,343) |
| Computers | 2,207,010 (1,796,385) | 344,137 (410,625) | - | 2,551,147 (2,207,010) | 1,684,175 (1,367,161) | 293,300 (242,019) | - | - | 1,977,475 (1,684,175) | 522,835 (429,224) |
| Vehicles | 26,114 (26,114) | - | - | 26,114 (26,114) | 26,114 (26,114) | - | - | - | 26,114 (26,114) | - |
| Sub Total | 44,137,637 (41,585,713) | 7,050,363 (2,911,789) | - (359,865) | 51,188,000 (44,137,637) | 13,928,740 (17,920,806) | 2,893,384 (2,326,215) | - (258,193) | - (6,060,088) | 16,822,124 (13,928,740) | 30,208,897 (23,664,907) |
| Intangible Assets | | | | | | | | | | |
| Computer software | 3,432,944 (2,126,172) | 188,387 (1,306,772) | - | 3,621,331 (3,432,944) | 1,767,130 (1,245,984) | 713,505 (516,179) | - | - | 2,480,635 (1,767,130) | 1,665,814 (880,188) |
| Sub Total | 3,432,944 (2,126,172) | 188,387 (1,306,772) | - - | 3,621,331 (3,432,944) | 1,767,130 (1,245,984) | 713,505 (516,179) | - - | - (-4,967) | 2,480,635 (1,767,130) | 1,665,814 (880,188) |
| Total | 47,570,581 (43,711,885) | 7,238,750 (4,218,561) | - (359,865) | 54,809,331 (47,570,581) | 15,695,870 (19,166,790) | 3,606,889 (2,842,394) | - (258,193) | - (6,055,121) | 19,302,759 (15,695,870) | 35,506,572 (31,874,711) |

#Adjustment amount pertains to reversal of excess depreciation in respect of earlier years, due to change in accounting policy (refer Significant accounting policies- 2.4).
Figures in brackets are the corresponding figures of the previous year.



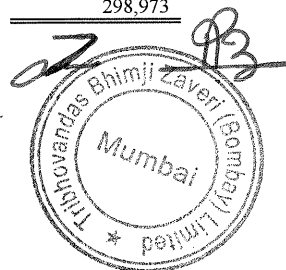
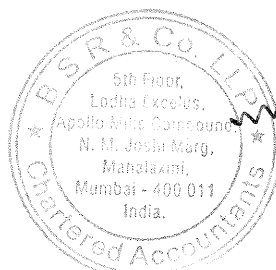
Tribhovandas Bhimji Zaveri (Bombay) Limited

Notes to the financial statements (Continued)

as at 31 March 2016

(Indian Rupees)

| | 31 March 2016 | 31 March 2015 |
|--|-------------------|-------------------|
| 11 Non-current investments | | |
| Other investments (Cost): | | |
| - Investments in equity instruments (Quoted) | | |
| 17,300 (31 March 2015: 17,300) equity shares of Rs 10 each, fully paid-up of Dena Bank | 506,025 | 506,025 |
| - Investments in equity instruments (Unquoted) | | |
| 1,150 (31 March 2015: 1,150) equity shares of Rs.10 each, fully paid-up of Saraswat Co-operative Bank Ltd | 11,550 | 11,550 |
| | <u>517,575</u> | <u>517,575</u> |
| Aggregate book value of quoted non-current investment (Market value Rs. 497,375 , 31 March 2015: Rs.878,840) | 506,025 | 506,025 |
| Aggregate book value of unquoted non-current investment | 11,550 | 11,550 |
| 12 Deferred tax assets, (net) | | |
| <i>Arising on account of timing difference in</i> | | |
| Deferred tax assets | | |
| - Provision for employee benefits | 8,112,609 | 5,930,943 |
| - Unabsorbed loss carried forward under tax law | 10,616,765 | - |
| Total deferred tax assets | <u>18,729,374</u> | <u>5,930,943</u> |
| Deferred tax liabilities | | |
| -Excess of depreciation/amortisation on fixed assets under income-tax law over depreciation/amortisation provided in accounts | (876,942) | (483,743) |
| Total deferred tax liabilities | <u>(876,942)</u> | <u>(483,743)</u> |
| Net deferred tax assets | <u>17,852,432</u> | <u>5,447,200</u> |
| Net deferred tax assets restricted to | <u>-</u> | <u>5,447,200</u> |
| Net change in deferred tax assets | <u>5,447,200</u> | <u>-</u> |
| -The Company has carry forward losses under tax laws, therefore recognition of deferred tax assets on timing differences have been restricted to the extent there exist deferred tax liabilities, in the absence of virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized, in accordance with Accounting Standard 22 – 'Accounting for taxes on income'. | | |
| | 31 March 2016 | 31 March 2015 |
| 13 Long-term loans and advances | | |
| <i>(Unsecured, considered good)</i> | | |
| To related parties | | |
| - Security deposits (refer note 32) | 5,400,000 | 5,400,000 |
| To parties other than related parties | | |
| - Security deposits | 462,620 | 336,450 |
| - Advance tax [net of provision for taxation Rs 17,218,804 [31 March 2015 : Rs 19,248,804]] | 10,287,950 | 9,012,997 |
| | <u>16,150,570</u> | <u>14,749,447</u> |
| 14 Inventories | | |
| <i>(valued at the lower of cost and net realisable value)</i> | | |
| Consumables | 920,953 | 298,973 |
| | <u>920,953</u> | <u>298,973</u> |



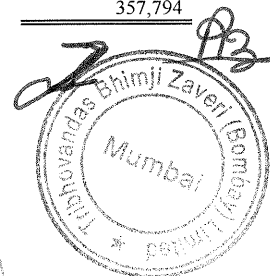
Tribhovandas Bhimji Zaveri (Bombay) Limited

Notes to the financial statements (Continued)

as at 31 March 2016

(Indian Rupees)

| | 31 March 2016 | 31 March 2015 |
|--|----------------|-------------------|
| 15 Trade receivables | | |
| Outstanding for a period exceeding six months from the date they are due for payment | - | 13,343 |
| - Unsecured and considered good (refer note 32) | - | |
| Other receivables | 859,319 | 27,071,023 |
| - Unsecured and considered good (refer note 32) | | |
| | <u>859,319</u> | <u>27,084,366</u> |
| 16 Cash and bank balances | | |
| Cash and cash equivalents | | |
| Cash on hand | 6,966 | 7,593 |
| Balances with banks | | |
| - on current accounts | 193,600 | 818,480 |
| - on margin accounts* | - | 3,880,421 |
| | <u>200,566</u> | <u>4,706,494</u> |
| * Amount deposited as margin with bank for gold taken on loan. | | |
| 17 Short-term loans and advances (Unsecured, considered good) | | |
| To parties other than related parties | | |
| - Other loans and advances | | |
| Employee advances | 113,482 | 28,750 |
| Prepaid expenses | 259,303 | 315,999 |
| Advances to others | 68,047 | 13,045 |
| | <u>440,832</u> | <u>357,794</u> |

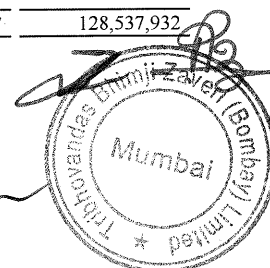


Tribhovandas Bhimji Zaveri (Bombay) Limited

Notes to the financial statements (Continued) for the year ended 31 March 2016

(Indian Rupees)

| | 31 March 2016 | 31 March 2015 |
|--|--------------------|--------------------|
| 18 Revenue from operations | | |
| Service income | | |
| - Labour charges | 125,331,410 | 144,692,222 |
| - Melting and refining | 4,743,355 | 4,573,192 |
| - Repairing charges | 2,001,926 | 1,751,472 |
| | <u>132,076,691</u> | <u>151,016,886</u> |
| 19 Other income | | |
| Interest income on bank deposits | 29,314 | 27,275 |
| Dividend income | 17,303 | 20,185 |
| Net gain on sale of fixed assets | - | 98,328 |
| Interest income on Income Tax refund | 535,684 | - |
| Liabilities no longer required written back | 324,640 | 282,113 |
| | <u>906,941</u> | <u>427,901</u> |
| 20 Employee benefits | | |
| Salaries, wages and bonus | 47,784,496 | 47,001,112 |
| Contributions to provident and other funds (refer note 24) | 2,982,593 | 2,686,199 |
| Gratuity expenses (refer note 24) | 4,409,600 | 2,620,885 |
| Compensated absences (refer note 24) | 851,554 | 1,824,918 |
| Staff welfare expenses | 1,535,517 | 1,656,159 |
| | <u>57,563,760</u> | <u>55,789,273</u> |
| 21 Finance costs | | |
| Interest expenses | 1,372,025 | 25,534 |
| | <u>1,372,025</u> | <u>25,534</u> |
| 22 Other expenses | | |
| Stores and spares consumed (refer note 28) | 35,753,999 | 54,447,373 |
| Job work charges | 37,353,412 | 44,403,571 |
| Power and fuel | 6,240,061 | 5,540,483 |
| Rent (refer note 26) | 12,300,480 | 12,134,880 |
| Rates and taxes | 2,272,303 | 2,033,210 |
| Repairs and maintenance: | | |
| - Plant and machinery (refer note 27) | 696,258 | 569,875 |
| - Others | 2,962,677 | 2,550,898 |
| Insurance | 68,769 | 68,964 |
| Travelling and conveyance | 150,318 | 213,535 |
| Payment to auditors: | | |
| - Statutory audit | 801,500 | 786,520 |
| - Out of pocket expenses | 109,550 | 52,626 |
| Legal and professional fees | 6,325,424 | 723,313 |
| Printing and stationery | 410,890 | 396,830 |
| Telephone and postage expenses | 352,828 | 348,109 |
| Security charges | 3,128,160 | 1,776,651 |
| Bank charges | 21,980 | 235,169 |
| Miscellaneous expenses | 1,621,428 | 2,255,925 |
| | <u>110,570,037</u> | <u>128,537,932</u> |



Tribhovandas Bhimji Zaveri (Bombay) Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Indian Rupees)

23 Contingent liabilities and commitments

Contingent Liabilities

The Company's pending litigations comprise of claims against the Company pertaining to proceedings pending with Income Tax authorities. The Company has reviewed all its pending litigations and proceedings and the Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.

Commitments

Contracts remaining to be executed on capital account and not provided for as at 31 March 2016 is Rs. Nil (31 March 2015 : Rs.Nil) (net of advances)

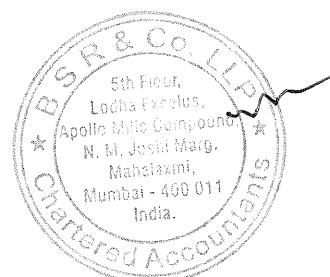
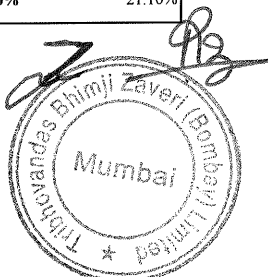
24 Employee benefits

a) Defined contribution plans

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund and Employees State Insurance, which are defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognised as an expense towards contribution to Provident Fund and other funds for the year aggregated to Rs. 2,982,593 (31 March 2015: Rs. 2,686,199) which is shown under notes to financial statements 21 – 'Employee benefits'.

b) Defined benefit plans

| I Change in Benefit Obligation | Gratuity (unfunded) | |
|--|---|---|
| | 31 March 2016 | 31 March 2015 |
| Liability at the beginning of the year | 6,739,902 | 4,812,542 |
| Interest cost | 529,082 | 437,941 |
| Current service cost | 1,693,353 | 1,003,665 |
| Benefit paid | (1,196,302) | (693,525) |
| Actuarial (gain) / loss on obligations | 2,187,165 | 1,179,279 |
| Liability at the end of the year | 9,953,200 | 6,739,902 |
| II Amount recognised in the Balance Sheet | | |
| Liability at the end of the year | 9,953,200 | 6,739,902 |
| Fair value of plan assets at the end of the year | - | - |
| Amount recognised in the balance sheet | 9,953,200 | 6,739,902 |
| III Expenses recognised in the Statement of Profit and Loss | | |
| Current service cost | 1,693,353 | 1,003,665 |
| Interest cost | 529,082 | 437,941 |
| Net actuarial (gain) / loss to be recognised | 2,187,165 | 1,179,279 |
| Expense recognised in Statement of Profit and Loss | 4,409,600 | 2,620,885 |
| IV Balance sheet reconciliation | | |
| Opening net liability | 6,739,902 | 4,812,542 |
| Expense as above | 4,409,600 | 2,620,885 |
| Contribution paid | (1,196,302) | (693,525) |
| Amount recognised in balance sheet | 9,953,200 | 6,739,902 |
| V Principal actuarial assumptions | | |
| Discount rate per annum | 7.99% | 7.85% |
| Salary escalation rate per annum | 10.00% | 8.00% |
| Mortality | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate |
| Employee turnover rate | 18.00% | 21.10% |



Tribhovandas Bhimji Zaveri (Bombay) Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Indian Rupees)

24 Employee benefits (Continued)

b) Defined benefit plans (Continued)

Classification into current/non-current

| | Gratuity (Unfunded) | | | |
|--------------|---------------------|------------------|----------------|------------------|
| | Non-current | | Current | |
| | 31 March 2016 | 31 March 2015 | 31 March 2016 | 31 March 2015 |
| Gratuity | 9,280,847 | 5,201,456 | 672,353 | 1,538,446 |
| Total | 9,280,847 | 5,201,456 | 672,353 | 1,538,446 |

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.

Amounts for the current and previous four years are as follows:

| Experience Adjustments | For the year ended 31 March 2016 | For the year ended 31 March 2015 | For the year ended 31 March 2014 | For the year ended 31 March 2013 | For the year ended 31 March 2012 |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Defined benefit obligation at end of the period | 9,953,200 | 6,739,902 | 4,812,542 | 4,346,275 | 3,046,013 |
| Plan assets at the end of the period | - | - | - | - | - |
| Funded status | (9,953,200) | (6,739,902) | (4,812,542) | (4,346,275) | (3,046,013) |
| Experience gain / (loss) adjustments on plan liabilities | 37,857 | (948,768) | (125,663) | (186,140) | 529,631 |
| Experience gain / (loss) adjustments on plan assets | - | - | - | - | - |

c) Other long-term employee benefits

Compensated absences

The liability towards compensated absences (privilege leave) for the year ended 31 March 2016 based on actuarial valuation carried out by using Projected unit credit method resulted in increase in liability by Rs. 851,554 (31 March 2015: Rs. 1,824,918).

Annual leave assumptions

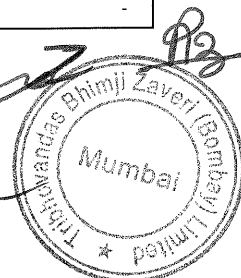
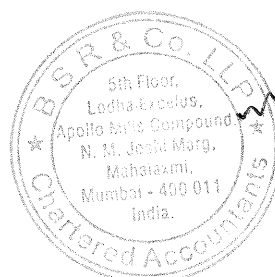
| | 31 March 2016 | 31 March 2015 |
|----------------------------------|--|--|
| Discount rate per annum | 7.99% | 7.85% |
| Salary escalation rate per annum | 10.00% | 8.00% |
| Mortality | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate |
| Employee turnover rate | 18.00% | 21.10% |

25 Dues to 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 & Medium Enterprise.

On the basis of the information and records available with management, there are no dues to Micro, Small and Medium enterprises who have registered with the competent authorities.

| Particulars | 31 March 2016 | 31 March 2015 |
|--|---------------|---------------|
| 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 | - | - |



Tribhovandas Bhimji Zaveri (Bombay) Limited

Notes to the financial statements (Continued) for the year ended 31 March 2016

(Indian Rupees)

26 Leases

Operating lease as a lessee

The Company has recognized the rent expenses in the books of accounts on a straight line basis. Rental expenses under operating leases (including cancelable and non – cancelable) aggregating Rs. 10,800,000 (excluding service tax) (31 March 2015: Rs.10,800,000) have been included under "Other expenses - Rent" under the notes to financial statement 22 in the statement of Profit and loss.

The future minimum lease payments in respect of non-cancellable operating leases as at 31 March 2016 are as follows -

| Particulars | 31 March 2016 | 31 March 2015 |
|--|-------------------|------------------|
| Amount due within one year from the balance sheet date | 10,800,000 | 8,100,000 |
| Amount due for the period after one year and before five years | 40,500,000 | - |
| Amount due for the period after five years | - | - |
| Total | 51,300,000 | 8,100,000 |

27 Expenditure in foreign currency

| Particulars | 31 March 2016 | 31 March 2015 |
|-------------------------|----------------|----------------|
| Repairs and maintenance | 278,376 | 103,392 |
| Total | 278,376 | 103,392 |

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

| Particulars | Percentage | | Amount | |
|--------------|----------------|----------------|-------------------|-------------------|
| | 31 March 2016 | 31 March 2015 | 31 March 2016 | 31 March 2015 |
| Imported | 0.55% | 2.80% | 196,033 | 1,522,160 |
| Indigenously | 99.45% | 97.20% | 35,557,966 | 52,925,213 |
| Total | 100.00% | 100.00% | 35,753,999 | 54,447,373 |

29 Value of imports calculated on CIF basis

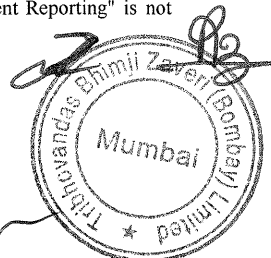
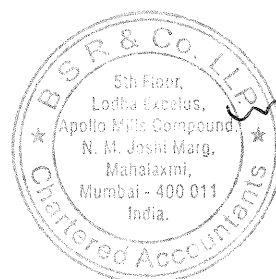
| Particulars | 31 March 2016 | 31 March 2015 |
|-------------------|----------------|------------------|
| Stores and spares | 196,033 | 1,522,160 |
| Capital goods | 275,531 | 624,960 |
| Total | 471,564 | 2,147,120 |

30 Earning per share (EPS)

| Particulars | 31 March 2016 | 31 March 2015 |
|--|---------------|---------------|
| (Loss) after taxation | (44,059,573) | (29,695,225) |
| Weighted average number of equity shares | 5,020 | 5,020 |
| Basic and diluted (loss) per share (face value Rs 100 per share) | (8,776.81) | (5,915.38) |

31 Segment reporting

The Company has only one reportable business of rendering labour service for manufacture of jewellery and only one reportable geographical segment which is India. Accordingly, the segment information as required by Accounting Standard 17 on "Segment Reporting" is not required to be disclosed.



Tribhovandas Bhimji Zaveri (Bombay) Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Indian Rupees)

32 Information on related party transactions as required by the Accounting Standard (AS) - 18 for the year ended 31 March 2016

I. Name of related parties

Holding Company
1 Tribhovandas Bhimji Zaveri Limited
Key Managerial Personnel
1 Shrikant G Zaveri, Director
2 Binaisha Zaveri, Director
3 Raashi Zaveri, Director
4 Mayur Choksi, Director

II. Details of related party transactions during the year ended 31 March 2016

| Nature of Transaction | Holding Company | Key Managerial Personnel | Fellow subsidiaries |
|--------------------------------------|-----------------|--------------------------|---------------------|
| Transactions during the year* | | | |
| Service income | 132,076,691 | - | - |
| | (151,016,886) | - | - |
| Rent paid | 12,300,480 | - | - |
| | (12,134,880) | - | - |
| Closing balances* | | | |
| Security deposits | 5,400,000 | - | - |
| | (5,400,000) | - | - |
| Trade receivables | 859,319 | - | - |
| | (27,084,366) | - | - |
| Rent Payable | 11,220,480 | - | - |
| | - | - | - |
| Advance Received from customer | 32,100,589 | - | - |
| | - | - | - |
| Corporate guarantee** | - | - | - |
| | (50,000,000) | - | - |

*Amounts pertaining to year ended 31 March 2015 are in brackets.

** Tribhovandas Bhimji Zaveri Limited, the holding Company has issued corporate guarantee towards the borrowing from banks.

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

As per our report of even date attached

For **BSR & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/ W-100022

Vijay Mathur

Partner

Membership No: 046476

Mumbai

2 May 2016

For and on behalf of the Board of Directors of
Tribhovandas Bhimji Zaveri (Bombay) Limited
CIN: U36911MH1986PLC039643

Shrikant Zaveri

Director

DIN:00263725

Mumbai

2 May 2016

Raashi Zaveri

Director

DIN:00713688